

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2020**

TUESDAY, APRIL 30, 2019

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:45 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Lindsey Graham (Chairman) presiding.

Present: Senators Graham, Moran, Lankford, Leahy, Shaheen, Coons, Merkley, Murphy, and Van Hollen.

**UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT**

OPENING STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. The hearing will come to order.

Today, we are going to be hearing from United States Agency for International Development Administrator Mark Green about the President's fiscal year 2020 budget request. Very briefly, Mark you are doing a great job. You understand the agency. To all the people under your command, they are doing a great job in very difficult circumstances. I do not know if I speak for every Member of the subcommittee, but I think I certainly speak for myself, and most of us, we are not going to approve this budget reduction. It is insane. It makes no sense. It makes us less safe, and I do not know who writes these things over at the White House, but they clearly do not understand the value of soft power. If you are going to win this war, you better be on the ground and you better have something to offer other than the terrorists, which is a hopeful life versus a glorious death.

So, I am confident this subcommittee will restore the 23 percent cut below the fiscal year 2019 enacted level. And again, to me, from the administration's point of view, this is a very short-sighted approach to the problems we have in the world and if you do not have some developmental aid available to you, you better really build a military a lot bigger than it is today because that is the only option left to you.

Senator Leahy.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Mr. Chairman, I just want you to know that the Chairman and I are together on that.

I think General Mattis has said it best when he said, if you cut the foreign aid budget, buy me more bullets. And that is not directed at you, Mr. Green. We have known you a long time and I know are here because you have to defend the administration's budget.

One of things that Senator Graham and I have done, and before him Senator McConnell and I, is to get this bill passed out of our committee with strong bipartisan support because USAID and our soft power should not be a partisan issue. It should be an American issue and we are going to try and keep it that way.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Administrator Green, welcome back.

In many ways I feel like we are picking up where we left off when you testified before this subcommittee a year ago.

The fiscal year 2018 and 2019 budget requests for USAID proposed cuts in virtually every program funded by this subcommittee, and those cuts were overwhelmingly rejected by the Congress. They would have eroded decades of progress against poverty, disease, and despair around the world.

Yet here we are again, presented with a budget filled with feel-good language about self-reliance and U.S. interests, that would significantly undercut U.S. global leadership at a time when other countries, particularly China, are looking for opportunities to assert themselves as we withdraw.

Here is just one example: The fiscal year 2019 Omnibus included \$8.8 billion for global health programs. For fiscal year 2020 the President requests \$6.3 billion, a cut of \$2.5 billion—not million, billion—which is even \$360 million below the fiscal year 2019 budget request.

How can we justify that, knowing the countless lives that could be saved if we just provide the same amount as last year? And knowing the threat that contagious diseases pose for millions of Americans traveling, studying, and working overseas. And knowing that a deadly virus is just a plane ride away, as we saw with Ebola. A single case in Texas caused near panic in this country.

There are many other ways that U.S. interests would be compromised, and how U.S. leadership would be undermined, by this budget request. Anyone who travels overseas, as most of us do, can see what China and Russia are doing to extend their influence. I and eight other Senators got an earful from U.S. military commanders in Alaska and Hawaii just last week.

We see the pressures our allies and partners are under due to armed conflict, climate change, poverty, and migration.

We can either continue to be a leader, or withdraw and let others assume that role. I cannot understand a budget request that so starkly threatens what we, and those who came before us, have achieved.

I know your job is to defend the President's budget. I don't envy you, especially knowing, as I do, how deeply you care about USAID and its mission—as do we all. But we need to hear not just the raw numbers or meaningless comparisons to the fiscal year 2019 budget request—which was rejected—but what it would mean for USAID's operations and programs if this budget were to become law—something, I suspect, you would prefer not to contemplate.

Senator GRAHAM. Thank you. Mr. Green, the floor is yours.

STATEMENT OF HON. MARK GREEN, ADMINISTRATOR OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. GREEN. Thank you, Mr. Chairman, Ranking Member Leahy, Members of the subcommittee. I appreciate this opportunity to

summarize my testimony, and I do appreciate all the support that you have shown both sides of the isle.

In total, the USAID request for fiscal year 2020 is approximately \$19.2 billion. It represents \$2.4 billion or 14 percent more than last year's request. It is an attempt to balance fiscal responsibility here at home with our leadership role and National security imperatives around the world. In order to capture some of the important work we are doing, I would like to briefly touch upon a few of my recent travels.

First, I have just returned from Ethiopia and Cote d'Ivoire with Senior Advisor to the President, Ivanka Trump. While there, we met with women leaders and entrepreneurs to advance the Women's Global Development and Prosperity Initiative. We discussed ways to boost the enabling environment for women entrepreneurs in issues like access to credit for women entrepreneurs at all levels.

Earlier this month, I travelled to Senegal to lead the U.S. delegation to the second inauguration ceremonies for President Macky Sall. Senegal represents what is possible in Africa and elsewhere through a commitment to democracy and inclusive economic growth. A few months ago, I visited South America as we continue to craft policies regarding Venezuela, a country very obviously moving in a different direction.

It is no secret that Nicolas Maduro's ruthless regime has destroyed that country's economic and political institutions. Millions of Venezuelans, young mothers with children, have desperately taken flight. The U.S. has responded with over \$256 million in assistance to these migrants and their host communities. At the request of interim President Guaido, and working with other countries, we have pre-positioned humanitarian assistance in the region for potential delivery into Venezuela. In fact, nearly 546 metric tons of such assistance. I have recently visited Jordan, another country where the U.S. is playing a vital humanitarian leadership role. We have been working hard to help reduce strains caused by years of conflict and displacement and to ensure that all people in Jordan can access essential services.

Last year, I visited Burma and Bangladesh. Bangladesh now hosts one million Rohingya refugees, most of them there because of Burma's ruthless ethnic cleansing campaign. In Bangladesh, we are urging the government to allow humanitarian organizations to provide refugees with a full range of support and services. In Burma, we continue to call on the government to provide for the voluntary, safe, and dignified return of Rohingya and other vulnerable communities.

While most of our humanitarian assistance goes for man-made, regime driven crises, we are also responding to terrible natural disasters like cyclones Idai and Kenneth in Mozambique, Malawi, and Zimbabwe. We have mobilized approximately \$60 million in supplies and assistance to help those impacted by the storms. There is also the Ebola outbreak in DRC, where health officials have recorded over 1,400 confirmed and probable cases, and now more than 930 related deaths.

As I have said previously, we need to be concerned about this outbreak and the serious challenges that it presents. Of course, humanitarian matters are only a part of our work. For example, we

are working to push back hard on the rising anti-democratic influence of China and Russia. USAID will soon unveil a framework for countering malign Kremlin influence, especially in Europe and Eurasia. Our 2020 request prioritizes \$584 million to support that work. The request also reflects an expansion of our work to help the victims of ISIS in the Middle East, those who are targeted for their religion or ethnicity. We see helping Yazidis and Christians and others as part of defeating the terrorist network once and for all. Closer to home, when I last appeared before you, I provided an overview of our transformation plans. We have made great progress thanks to your support. I look forward to addressing any questions you might have going forward as we address some of the remaining congressional notifications.

Finally, and most importantly, I would like to say a word about our most precious asset, our human resources, our dedicated foreign service officers, civil service staff, foreign service nationals, and other team members, who are truly on the front lines of many of the world's most pressing challenges. We are continuing to staff up and to bring our workforce into greater alignment with strategic planning numbers and available operating expense allocations. We are planning to hire approximately 140 career track foreign service officers before the end of fiscal year 2020. We have also approved 221 new civil service positions and have now selected 10 finalists for the Donald J. Payne Fellowship Program.

Members, I appreciate your support, your guidance, and your counsel. And Mr. Chairman, thank you again for this opportunity to appear before you.

I welcome your questions.

[The statement follows:]

PREPARED STATEMENT OF MARK GREEN

INTRODUCTION

Chairman Graham, Ranking Member Leahy, Members of the subcommittee, thank you for this opportunity to discuss the President's fiscal year 2020 Budget Request for USAID.

The fiscal year 2020 request for USAID fully and partially managed accounts is approximately \$19.2 billion, an increase of \$2.4 billion, or 14 percent, over last year's request. It requests \$6.3 billion for global health and \$5.2 billion for the Economic Support and Development Fund. In terms of USAID's humanitarian assistance, it requests \$6 billion for the new International Humanitarian Assistance Account, which, combined with all available resources, will allow us to maintain the highest level ever of U.S. humanitarian assistance programming.

USAID remains focused on our core day-to-day work: helping support the world's most-vulnerable populations affected by humanitarian crises; promoting human rights, democracy, and citizen-responsive governance; and improving development outcomes in the areas of economic growth, education, environment, and health worldwide. Every day, our highly professional and dedicated staff work diligently to deliver sustainable development solutions and build self-reliance in partner countries, project American values globally, and advance our foreign-policy and national-security objectives.

I know that I cannot touch upon our work in each country in the limited time afforded me today, so allow me to discuss some of the themes and situations at the forefront of our attention.

OPTIMIZING HUMANITARIAN ASSISTANCE

The budget request reaffirms that Americans will always stand with people and countries when disaster strikes or crisis emerges. The fiscal year 2020 U.S. humanitarian request will provide an average of \$9 billion in both fiscal year 2019 and fis-

cal year 2020 when combined with all available resources, allowing the U.S. to remain the single largest global donor and maintain roughly the highest level ever of USG humanitarian assistance programming. The United States will not only continue our role as the world leader in humanitarian assistance, but we will also call on others to do their part and we will work relentlessly to assure that assistance is delivered as effectively and efficiently as possible.

Over the years, the responsibilities of the two USAID offices that lead the bulk of our humanitarian assistance—Food for Peace and the Office of U.S. Foreign Disaster Assistance (OFDA)—have been sharply increasing. While they have often coordinated, they have worked in parallel, with separate budgets, separate oversight, separate structures, and different strategies.

Our overseas humanitarian assistance, within USAID’s new Bureau for Humanitarian Assistance, supports this administration’s commitment to optimize USAID humanitarian investments. This will ensure a seamless blend of food and non-food humanitarian USAID assistance, better serving our foreign policy interests and people in need.

The budget also delivers on the President’s commitment to optimize the effectiveness of the U.S. Government’s outdated and fragmented overseas humanitarian assistance. The proposal maximizes the impact of taxpayer dollars, helps more beneficiaries, and delivers the greatest outcomes to them by consolidating all overseas humanitarian programming in the new Bureau at USAID while retaining State’s lead role on humanitarian policy issues, as well as the U.S. refugee-admissions program.

VENEZUELA

Nowhere is America’s leadership in humanitarian assistance more important, or more timely, than in our continued response to the man-made, regime-driven crisis in Venezuela. As you know, the illegitimate dictator Nicolas Maduro has repeatedly blocked outside efforts to provide humanitarian relief to the millions of Venezuelan citizens in need. We continue to monitor the situation in Venezuela closely, where Maduro and his cronies have destroyed the country’s institutions and economy, and created the largest cross-border mass exodus in the history of the Americas. Venezuelans could soon become one of the largest groups of displaced people in the world.

In response to Interim President Juan Guaidó’s request for assistance that could help him meet some of his people’s urgent needs, USAID and State—with support from the Departments of Defense and others—have pre-positioned humanitarian assistance close to the Venezuelan border with Colombia, and Brazil. USAID has also pre-positioned humanitarian assistance inside of the island of Curacao, for eventual delivery into Venezuela. Since February 4, the U.S. Government has pre-positioned nearly 546 metric tons of urgently needed humanitarian assistance, including food aid, emergency medical items, hygiene kits, non-pharmaceutical commodities, water treatment units, and nutrition products.

At President Trump’s instruction, we have closely coordinated these efforts with the international community. President Iván Duque of Colombia and President Jair Bolsonaro of Brazil, in particular, have been key allies in our efforts. The United States is grateful for our allies in the region who have stepped up to help the Venezuelan people in their hour of need.

We will continue to support Interim President Guaidó’s efforts to deliver aid to his people in Venezuela, and also continue to help Colombia and other countries that are hosting Venezuelans who have fled. To date, the U.S. has provided more than \$213 million in humanitarian assistance and approximately \$43 million in development assistance for Venezuelans and host communities in the region. That funding has brought urgently needed food, healthcare, protection, and shelter, to both Venezuelans and host communities. USAID also funds local organizations involved with human rights, civil society, independent media, electoral oversight, and democratic political processes, and the democratically elected National Assembly. We are not alone in this effort. Many of our close allies have pledged support, and many private citizens have already contributed assistance to Venezuelans in the region, as well.

The United States stands with those who are yearning for a better life and a true democracy. We know the answer to Venezuela’s crisis must be human liberty and democracy; Venezuelans deserve a return to democracy, rule of law, and citizen-responsive governance.

We also stand with the Cuban people who have suffered for six decades under an authoritarian regime—the same regime plays a crucial and destabilizing role in supporting Maduro and his cronies. The United States funds democracy programs that

help the capacity of independent Cuban civil society, support the free flow of uncensored information to and from the island, and provide humanitarian assistance to political prisoners and their families.

In response to requests by Cuban civil-society activities during the Summit of the Americas in April 2018, USAID identified an additional \$750,000 in fiscal year 2017 funds to increase humanitarian support for Cuban political prisoners and their families, and to provide additional communications tools to civil society activists.

TROPICAL CYCLONE IDAI

USAID mobilized quickly in response to the devastating impact of Tropical Cyclone Idai on Mozambique, Zimbabwe, and Malawi.

Torrential rains covered nearly 900 square miles of land in water—that's an area larger than New York City and Los Angeles combined. Sadly, more than 600 people lost their lives, and 1.85 million people are in desperate need of assistance.

USAID deployed a Disaster Assistance Response Team (DART), which includes experts in health, food security, shelter, and water, sanitation, and hygiene to provide technical advice and make assessments in real time. To prevent the spread of cholera and other waterborne diseases, USAID delivered relief supplies, including water-treatment units, water-storage containers, and latrines, and is working with partners to provide medication and oral rehydration salts. To reach the communities cut off by the storm, we also requested the unique capabilities of the U.S. Department of Defense U.S. Africa Command to provide airlift and logistics support for our humanitarian response. Over the course of their mission, the U.S. military flew 73 flights, and transported more than 782 metric tons of relief supplies, including food, medical supplies, and vehicles, as well as USAID disaster experts and aid workers.

OUTBREAK OF EBOLA IN THE DEMOCRATIC REPUBLIC OF THE CONGO (DRC)

Since the declaration of the outbreak on August 1, 2018, health officials have recorded at least 1,353 confirmed and probable cases, including 880 deaths, in DRC's North Kivu and Ituri Provinces as of April 23, 2019. The U.S. Government deployed a DART to the DRC to augment the ongoing Ebola response efforts. These disaster and health experts from USAID and the U.S. Centers for Disease Control and Prevention (CDC) within the U.S. Department of Health and Human Services (HHS), are working with partners to provide robust life-saving assistance and support affected populations. The DART is coordinating with the DRC Ministry of Health, the World Health Organization, other donors, and key actors to support a unified effort, encourage sustained resourcing and fair burden-sharing, and ultimately end the outbreak. USAID assistance works to break the chain of transmission, including through preventing and controlling infections, surveillance and case-finding, contact-tracing, case-management, and raising awareness in communities about how the virus is transmitted.

This response is a priority for the U.S. Government, not only because we are committed to supporting those affected, but also because effective efforts to contain and end the outbreak will prevent it from spreading throughout the broader region and beyond, including the United States. I remain concerned that the outbreak is still not contained, however, and am working with colleagues in the interagency to advocate for a more effective global response.

ROHINGYA CRISIS IN BANGLADESH AND BURMA

Bangladesh now hosts one million Rohingya refugees from Burma in the world's largest refugee camp. Over 740,000 of these refugees arrived in the wake of an ethnic cleansing campaign conducted by Burmese security forces that began in August 2017. Last May, I went to Bangladesh and Burma's Rakhine State to observe firsthand the daily burdens and suffering facing Rohingya communities. In many ways, it is the harshest situation I have seen in my time at USAID. The United States is the largest single donor of humanitarian aid to this crisis, and stands as a beacon of hope to Rohingya.

Our efforts continue to focus on measures that will improve the situation for Rohingya in Rakhine State, as well as Rohingya refugees and host communities in Bangladesh. While providing life-saving assistance is critical, we also undertake programming to encourage the Burmese Government to address the underlying causes of tension and violence, which are essential for lasting justice. This is a necessary step if that beautiful country is to fulfill the promise of its far-from-fully-realized democratic transition.

YEMEN

We also remain seriously concerned about the humanitarian crisis in Yemen, which is the world's largest in terms of affected population. Approximately 80 percent of the country—more than 24 million people—require some form of humanitarian assistance. More than 3.6 million people have already been displaced; there have been more than 1.6 million suspected cases of cholera in the last 2 years, and nearly 5 million people are one step away from famine.

Since fiscal year 2018, the United States has provided nearly \$721 million in humanitarian aid to Yemen, and USAID is responsible for nearly \$692 million of that assistance.

SUPPORT FOR RELIGIOUS AND ETHNIC MINORITIES

The \$150 million in USAID and State Department funding this Budget requests will help us continue our important assistance to those religious and ethnic minorities in the Middle East, and other regions, whom ISIS sought to extinguish. We believe freedom of religion and conscience are an essential part of our national character, and an essential attribute of any country that seeks to be prosperous, democratic, and just.

As evidenced by the heinous attacks in Sri Lanka on Easter morning, religious intolerance is far from limited to the Middle East. The bombings that took the lives of so many, including four U.S. citizens, are a painful reminder that we must remain vigilant against this scourge. USAID extends its deepest condolences to the friends and families of those lost in the attacks, and we will continue our efforts to promote interfaith dialogue and peaceful co-existence in our work across the world.

DEMOCRATIC BACKSLIDING

Another significant challenge we face in many regions is democratic backsliding. Rarely these days do authoritarian leaders oppose elections outright. Instead, as we have seen in capitals from Caracas to Phnom Penh, they use sophisticated tools and methods to bend elections to ensure they can maintain their grip on power. Subverting civil society and independent media, manipulating vote tabulations, and other anti-democratic ploys are all too often undermining hope for everyday citizens to be able to shape their future through the ballot box. USAID will continue to fund programming that aims to counter authoritarian impulses, nurture the capacity of civil society to advocate for an agenda of liberty, and advance fundamental freedoms worldwide.

Many parts of the world have seen an exponential growth of predatory financing dressed up as development assistance. China and Russia have been by far the greatest, though not the sole, sources of such financing. This form of financing often leads to unsustainable debt, eroded national sovereignty, and even the forfeiture of strategic resources and assets.

As part of an Agency-wide strategic approach, USAID will soon unveil a Framework to help us counter malign Kremlin influence, especially in Europe and Eurasia. This budget request prioritizes \$584 million in State Department and USAID foreign assistance to support that work and our efforts to aggressively communicate the stark differences between authoritarian financing tools and the approach that we and our allied donor nations use.

Our approach is true assistance that helps partner nations build their own self-reliance and a more dynamic, private enterprise-driven future. We aim to help partner countries recognize the costs of alternative models, like those of China and Russia, that can weaken confidence in democratic and free-market systems, saddle countries with unsustainable debt, erode sovereignty, lead to the forfeiture of strategic assets ignore the needs and concerns of local communities, and further the militaristic ambitions of authoritarian actors.

One positive story in our work, both in terms of supporting democratic processes and countering malign Kremlin influence, is in Ukraine. USAID provided support to the Central Election Commission in the lead up to the recent Presidential elections. According to the most trusted international and domestic monitoring organizations, the election was conducted peacefully and without significant external manipulation—representing the true will of Ukraine's citizens. We look forward to working with President Elect Zelenskiy to continue strengthening democratic processes in the country, rooting out corruption, empowering civil society, building a stronger basis for sustained prosperity, and enhancing resilience to malign Kremlin influence.

INDO-PACIFIC STRATEGY

America's security and prosperity at home is closely tied to a stable and free Indo-Pacific Region, and this request includes over \$1.2 billion in State Department and USAID foreign assistance to protect U.S. interests and promote open, transparent, and citizen-responsive governance across the Indo-Pacific.

In Asia, USAID plays a key role in advancing the U.S. Government's Indo-Pacific Strategy (IPS), particularly the economic and governance pillars, and the latter's headlining Transparency Initiative. America's vision for a free and open Indo-Pacific region is one in which all nations are sovereign, strong, and prosperous. Together with our U.S. Government partners, and in coordination with like-minded donor partners, USAID helps advance the IPS by strengthening governance in areas critical to achieving this vision—primarily with regard to bolstering economies and free markets, supporting democratic institutions and transparency promoting human rights and empowered citizens, and fostering incentives that address the region's substantial infrastructure gaps—foremost in the energy, transportation, and digital connectivity sectors. By promoting open, transparent, rules-based, and citizen-responsive governance across Asia, the IPS mitigates the influence of predatory countries while unlocking private-sector-led growth that helps drive sustainable development and increase partner countries' self-reliance. As part of this strategy, USAID is playing a leading role in the interagency.

At USAID, we are proud of our role as the world's premier development agency. We are just as dedicated to ensuring that we maintain that leadership role in the years ahead. To prepare ourselves for the future, in late 2017, we initiated a series of interconnected reforms we call Transformation. Aimed at shaping a USAID that remains worthy of both American investments and the talented, dedicated staff who work for us around the world, Transformation will allow us to strengthen our core capabilities, increase efficiency, and ultimately, improve outcomes while reducing costs. This budget request closely aligns with, and supports, the implementation of these plans.

When I last appeared before this subcommittee on April 24, 2018, I provided an overview of several planned initiatives in our Transformation framework. After nearly 100 consultations with many of you, your staff, and colleagues across Capitol Hill, we have since launched our reform agenda and submitted nine Congressional Notifications related to the Agency's new structure. Our structure is closely tied to other internal reforms, and will provide the necessary enabling environment, within USAID, to ensure this vision takes root. I ask for your support for clearing the remaining Congressional Notifications on our Transformation, and am eager to answer any questions you might have.

COUNTRY ROADMAPS: DEFINING AND MEASURING SELF-RELIANCE

In pursuit of our vision of a day when development assistance is no longer needed, we are now orienting our work around the concept of fostering self-reliance in partner countries. USAID defines "self-reliance" as a country's ability to plan, finance, and implement solutions to its own development challenges. To understand where a country is going in its Journey to Self-Reliance, we need to understand where they are on that journey and how far they have come from. To that end, and after consultations with USAID employees, external partners and other shareholders, we pulled together 17 objective, third-party metrics across the political, economic, and social spheres. They fall into two broad categories: commitment, or the degree to which a country's laws, policies, actions, and formal and informal governance mechanisms support progress toward self-reliance; and capacity, which refers to how far a country has come in its ability to plan, finance, and manage its own development agenda.

We then assembled these metrics, country-by-country, as "Country Roadmaps" for all 136 low- and middle-income countries as classified by the World Bank. We rolled out Roadmaps in August 2018 for socialization with partner governments.

These Roadmaps serve several purposes. First, again, they help us identify approximately where each country is in its development journey, a crucial first step in orienting our in-country approach around the concept of self-reliance. Second, they help inform our strategic decision-making and resource allocation processes and ensure we better focus USAID's investments. As we better align our strategies and our budgets, we look forward to working with you, and your colleagues, to ensure we have the appropriate mix of resource allocations. Third, because they use objective, open-source data, the Roadmaps provide USAID with a common touchstone for use in dialogues with countries and development partners. Fourth, the metrics help signal to USAID—and the broader U.S. Government—when a country

has made enough development progress such that we should pursue a new, more enterprise-centered phase in our partnership.

In October 2018, we published the Country Roadmaps online at [USAID.gov](https://www.usaid.gov). I welcome you to take a look.

DIVERSIFYING OUR PARTNER BASE, AND ENGAGING NEW AND UNDERUTILIZED PARTNERS

Metrics provide us with critical insight, but, ultimately, it is our in-country partnerships that advance our mission. Tapping into the innovation and resources of the private sector, and working with a full breadth of stakeholders, is critical to achieving sustainable development outcomes and building self-reliance. Many local and locally established actors—such as education institutions, non-profits, faith-based organizations and for-profit enterprises—have long engaged in their own efforts to build capacity, increase accountability, and provide services in countries prioritized by USAID. They are natural allies in our development mission, and this request includes \$20 million towards a New Partnerships Initiatives to expand our partner base.

Historically, these groups have often struggled to compete for USAID funding because of burdensome compliance and solicitation requirements, the imposing dollar size and scope of our awards, and unfamiliarity with USAID's terminology and practices. On our end, we have admittedly lacked a sustained commitment to mobilizing new and local partners. The result has been a dwindling partner base. In fiscal year 2017, 60 percent of our obligations went to 25 partners, and more than 80 percent of our obligations went to just 75 partners. The number of new partners has decreased consistently since 2011.

With the launch of USAID's first-ever Acquisition and Assistance (A&A) Strategy last December, we seek to reverse this trend, and tap into the good ideas and innovative approaches we know exist in underutilized partners. Included in the core tenets of our Strategy are more collaborative approaches to partnership, prioritizing innovation, and building the commitment and capacity of new partners. By diversifying our partner-base, we will not only incorporate new ideas and approaches into our tool-kit, but we will also strengthen locally led development—a core component of each country's Journey to Self-Reliance.

STRENGTHENING PRIVATE-SECTOR ENGAGEMENT

While there will always be an important role for traditional contracting and grant-making in our work, we can accelerate and amplify our efforts and outcomes by increasingly applying market-based solutions to the development challenges we aim to address. At USAID, we have long recognized that private enterprise is the most-powerful force on earth for lifting lives out of poverty, strengthening communities, and building self-reliance. But until recently, the Agency lacked a formal, overarching policy to guide and galvanize our engagement with the private-sector.

That changed last December with the launch of USAID's Private-Sector Engagement Policy. The Policy serves as a call to action for all Agency staff and partners to increase and strengthen our work with commercial firms, and embrace market-based approaches to achieve outcomes. We seek ever-greater input from the private-sector to move beyond mere contracts and grants to include more true collaboration—co-design, co-creation, and co-financing.

As part of this greater focus on private-sector engagement, USAID looks forward to a close partnership with the new Development Finance Corporation (DFC) established by the BUILD Act to mobilize financing, and this Request provides \$50 million towards the new DFC. With close integration of tools such as the Development Credit Authority (DCA), the Overseas Private Investment Corporation (OPIC), new equity authority and other reforms, the DFC will make private-sector engagement much more effective. We are working closely with OPIC and the White House to make the new DFC a reality. Through collaborative endeavors with our United States Government partners and the private sector, we seek to join up our respective expertise to tackle problems that neither could fully address alone.

We pursue greater engagement with the private sector because it is sound development, it achieves better outcomes, and it leverages the vast, largely untapped resources of commercial enterprise throughout the world. But we also pursue it because it is good for American businesses. The world's fastest-growing economies are largely in the developing world. USAID's work to promote regulatory reform already helps level the playing field for American businesses, by reducing their barrier to entry in these large markets. Combined with financing support from the new DFC, the United States can help bring these American businesses directly to the table to tackle specific challenges and further expand their opportunities.

This renewed emphasis on private sector engagement has already borne fruit. For example, last November, I signed a Memorandum of Understanding between USAID and Corteva, one of America's great agribusinesses. Together, we will tackle global hunger while simultaneously cultivating new markets for U.S. technology and expertise. I am excited to see what other partnerships emerge in the months and years ahead.

WOMEN'S ECONOMIC EMPOWERMENT

No country can meaningfully progress in the Journey to Self-Reliance if it shuns half its population. The development dividends of greater participation by women in the economy are numerous. Our experience shows that investing in women and girls accelerates gains across the full development spectrum, from preventing conflict to improving food security and economic opportunity.

The President's National Security Strategy clearly recognizes women's empowerment as a top foreign policy priority. On February 7, 2019, President Trump launched the Women's Global Development and Prosperity (W-GDP), and signed a Presidential Security Memorandum that clearly and decisively links the ability of women to participate fully and freely in the economy with greater peace and prosperity across the world. In fiscal year 2018, we allocated \$50 million for W-GDP. This year's request goes further, and includes \$100 million to support workforce-development and skills-training, greater access to capital, and changes to the enabling environment so that, around the world, all women have greater opportunities to reach their full economic potential.

STAFFING

At USAID, our human resources are our most precious asset. Our professional, experienced, and dedicated corps of Foreign Service Officers (FSOs) are at the frontlines of what we do as an Agency. In recognition of that, USAID will continue to staff up and bring our Foreign Service workforce into greater alignment with strategic planning numbers and our available Operating Expense budget. Specifically, we are seeking to expand our overseas Foreign Service capability to better manage financial risk, increase program oversight, provide critical support for the President's Emergency Plan For AIDS Relief (PEPFAR), and fill technical positions that have been chronically short-staffed. USAID has also selected 10 finalists for the 2019 Payne Fellowship program.

USAID is preparing to hire approximately 140 career-track FSOs between now and the end of fiscal year 2020. Hiring 140 FSOs over the next two fiscal years and adjusting for attrition would bring the total FSO workforce by the end of fiscal year 2020 to just over 1,700 FSOs. For USAID's Civil Service, USAID's Hiring Review and Reassignment Board, has approved the hiring of an additional 221 staff to be added to the General Schedule workforce, which stood at 1,181 U.S. Direct Hires (USDH) as of February 2019.

To support USAID's mission, we seek to test a non-career, term-limited personnel system that is more efficient and flexible than our current systems while also better for many program-funded staff, by improving benefits and professional development. Within this budget proposal, USAID is also requesting to pilot an Adaptive Personnel Project (APP) to develop an agile, non-career/at-will U.S. Direct Hire personnel system that can rapidly hire, move, and retain a talented, program-funded workforce. APP would be a program-funded, direct-hire mechanism with Federal benefits and inherently governmental authorities. The overall vision is to improve USAID's ability to hire the right talent, at the right time, in the right place, for the right duration of time.

CONCLUSION

Mr. Chairman, Ranking Member, and Members of the subcommittee, I believe we are shaping an Agency that is capable of leveraging our influence, authority, and available resources to advance U.S. interests, transform the way we provide humanitarian and development assistance, and, alongside the rest of the world, meet the daunting challenges we all see today. With your support and guidance, we will ensure USAID remains the world's premier international development Agency and continues the important work we do, each day, to protect America's future security and prosperity.

Thank you for allowing me to speak with you today, and I welcome your questions.

Senator GRAHAM. Thank you. My first is a comment. If we restored the funding that is being proposed, the cuts that are being

proposed by the administration, do you think you could wisely spend the money?

Mr. GREEN. Yes, Mr. Chairman.

DEMOCRACY AND HUMAN RIGHTS

Senator GRAHAM. Given what you know about the world, do you think now is the time to cut \$1 billion out of democracy, human rights, and governance programs?

Mr. GREEN. Mr. Chairman, as I have testified, this budget represents a delicate balance between obligations here at home to the taxpayers and priorities around the world.

AFGHANISTAN SECURITY

Senator GRAHAM. Rather than beating you up about some of the absurd cuts to this budget, let us just move on because that would take the whole six minutes. And I know you are a good guy and I could not think of a better person to be in charge than you, so it is nothing personal. Afghanistan, could our programs function in Afghanistan if we withdrew all our military forces effectively?

Mr. GREEN. Mr. Chairman—

Senator GRAHAM. Would you be worried about the safety of your people?

Mr. GREEN. Yes.

LIBYA

Senator GRAHAM. Okay. Libya, do we have any presence on the ground in Libya?

Mr. GREEN. I want to make sure I do not misspeak. We are watching the situation carefully and are obviously concerned about security. We have partners on the ground.

Senator GRAHAM. So pretty much we are out of the game in Libya?

Mr. GREEN. I would not—

Senator GRAHAM. How much money did we spend in Libya to stabilize Libya?

Mr. GREEN. Mr. Chairman, I do not have that number with me. I will get back to you.

[The information follows:]

In 2015, U.S. assistance totaled \$38,910,000. In fiscal year 2016, it totaled \$34,134,000. And in fiscal year 2017, it totaled \$225,702,000, which includes \$131,500,000 in funds from the fiscal year 2017 Security Assistance Appropriations Act. Since 2011, the State Department and USAID have provided nearly \$521 million in stabilization funding to transition Libya to a unified, inclusive, and accountable government capable of providing security, denying safe haven to ISIS and other extremist groups, and building prosperity for all Libyans. In addition, during this timeframe the U.S. Government has provided over \$169 million in humanitarian assistance to deliver food, health, protection, shelter, and water, sanitation, and hygiene assistance for conflict-affected people in Libya, including internally displaced persons (IDPs), refugees, and migrants.

Senator GRAHAM. And the only reason I mention this is because I just got back from traveling. I was in Tunisia the day that the President called Haftar, the eastern militia leader, and that call sent a signal to everybody that somehow we are changing our strategy, we are backing him, which I think would be a disaster. So, I just want everybody to know that if Libya continues to fall

apart, then we will have another wave of refugees going into Tunisia. They are a good ally and it would create a lot of racial instability.

NORTHERN TRIANGLE

Do you support cutting off aid to the Northern Triangle countries?

Mr. GREEN. Mr. Chairman, as you know, right now the State Department has essentially frozen assistance and is undertaking a review. We think our programs are part of the answer, and we look forward to working with State upon completion of the review. And I note that this request does, for 2020, allocate resources for the Northern Triangle area, and so we are very hopeful that we will be able to continue on with work, modifying it making it better, obviously. Everyone recognizes that there is a crisis.

Senator GRAHAM. I think that is what destabilized these countries. We clearly need to change our laws that create massive waves of immigration from Central America, but we are not going to change the root problem until we address it, which is governance, corruption, and violence in these three countries. Is that correct?

Mr. GREEN. I think, clearly, tackling those challenges is part of the answer. Again, we are working hard to develop new metrics so that our programs can be targeted more effectively.

Senator GRAHAM. I appreciate that, but I just want to be on record that I think the only way you are going to solve this problem is to stay involved in the Northern Triangle countries, not withdraw.

VENEZUELA

If Maduro falls today, do we have a plan to help the Venezuelan people?

Mr. GREEN. One hopes Mr. Maduro falls today—

Senator GRAHAM. Well let us just assume he will because eventually he will.

Mr. GREEN. No, I would agree. His days are numbered. I do not know what that number is. I hope it is a small one. We have been engaging in scenario planning each and every day, and we are in close contact with representatives of the Guaido government and leadership.

Senator GRAHAM. So here is what I would ask you to do. Submit a supplemental emergency, whatever you want to call it, request to this subcommittee when that day comes so that we can get ahead, for a change, of problems where vacuums are created, and I think most Members of this subcommittee would gladly help you with some resources to stabilize Venezuela when Maduro falls, not if. So, in that regard, we would very much appreciate any advice you give us about what a good response would look like.

THE SAHEL

From your point of view, Cote d'Ivoire, you were there right? The port of Cote d'Ivoire is essential to providing some economic prosperity to the Sahel. Do you agree?

Mr. GREEN. I do. I was not with you on that part of the recent trip, but absolutely. It is one of its key strategic assets.

Senator GRAHAM. And the Sahel is being held together basically by duct tape, and if it falls apart there will be another wave of migration.

Mr. GREEN. We agree with the priority of stabilization and economic growth. As you know, we are developing an integrated plan with the State Department, particularly in the air in Niger and Burkina Faso, but I agree with your priority and appreciate your leadership on the Sahel. I think it is, in fact should be, a high priority, and I also agree that ungoverned spaces particular in that part of the world are a risk and a danger to us in our strategic interests.

EBOLA OUTBREAK

Senator GRAHAM. Thank you. How concerned should this subcommittee be about the Ebola outbreak in the DRC, and what should we be doing that we are not doing?

Mr. GREEN. Thank you, Mr. Chairman. We should be very concerned. In my estimation, the outbreak is far from under control. Secretary Azar, from Health and Human Services, and I have both sent correspondence to the WHO, to Dr. Tedros. We need a much more aggressive vaccine strategy, among other things. But when it comes to Ebola in the DRC, the DRC setting is a labyrinth of challenges, poor governance, resentment towards community leaders. You have a failure of democracy in many, many ways. So, they are all kinds of challenges. It will take more than simply a medical approach. It will take a development approach to try to tackle this terrible disease and to contain its outbreak.

Senator GRAHAM. Senator Leahy.

Senator LEAHY. Mr. Chairman, the past is prologue. In fiscal year 2018–2019, the budget request for USAID, to follow up with what Senator Graham said, proposed cuts in virtually every program funded by the subcommittee. Most of those cuts were overwhelmingly rejected by Republicans and Democrats alike because they would have eroded decades of progress against poverty, disease, and despair. Now we have a budget filled with feel-good language about self-reliance and so on, but the fiscal year 2019 omnibus included \$8.8 billion for global health programs. For fiscal year 2020, 1 year later the President requests \$6.3 billion. And even that is \$16 million below the fiscal year 2019.

Look at the panic we had in this country when one case of Ebola, which is always just a plane ride away from the U.S., showed up in Texas. And then I look at what China and Russia are doing to extend their influence. I just led a codel to east Asia. We began in Alaska. Went to Korea, then Vietnam. We were very impressed with your people in Vietnam who are working to help those who have been suffering from the effects of Agent Orange and injuries caused by land mines. But we got an earful from our military commanders in Alaska, and our military commanders in Hawaii, about what Russia and China are doing throughout that region.

Now, President Trump says since the Northern Triangle governments are not preventing their citizens from leaving and seeking

asylum elsewhere, which they have the right to do, we should stop providing aid to those countries.

NORTHERN TRIANGLE

Am I correct that roughly \$450 billion in unobligated 2018 funds with the Northern Triangle is being reprogrammed? Possibly including some health programs?

Mr. GREEN. It is true that pending final decisions from the Secretary of State it is money that is being redirected to other global priorities.

Senator LEAHY. I understand \$450 million. Potentially hundreds of millions of fiscal year 2017 funds. Now what percentage of the aid that we send to these countries do not go to the national government but rather go to the people?

Mr. GREEN. I do not have that number with me but very obviously a lot of this money is aimed towards taking on citizen security and taking on economic growth. Trying to create some vibrancy closer to home such that particular young people in those areas see their future closer to home.

Senator LEAHY. I think you would find the majority of it goes directly to the people, and reprogramming it means it is taken away from helping the same people we want to stay in their country.

ASSISTANCE FOR THE WEST BANK AND GAZA

Now USAID, and I have seen its work, is supporting programs to help meet the basic health, education, water and sanitation, and other needs of the Palestinian people in the West Bank. We supported humanitarian assistance to Palestinians in Gaza through the U.N. Relief and Works Agency. Is the USAID providing any assistance to the Palestinian people today?

Mr. GREEN. As of today, no we are not.

Senator LEAHY. Okay. We created a cross-border, people-to-people program to promote reconciliation between Israelis and the Palestinians. Everybody I talked in Israel says it is a great idea, and the only people who did not like it was Hamas. Most Palestinians like it. Is that program stopped?

Mr. GREEN. The only assistance that we are able to supply with regard to West Bank, Gaza is that entirely inside Israel, the people-to-people person program that is inside Israel. In terms of cross border work, no we are not as of January.

Senator LEAHY. So, it would seem to me, you do not have to respond to this, but it would seem to me that does not do too much to encourage self-reliance among the Palestinian people.

CLIMATE CHANGE

Does USAID have a climate change strategy, specifically to help countries mitigate and adapt to global warming? I say this because I can think of wars starting over water among other things. Do you have specific programs at USAID to address climate change?

Mr. GREEN. We have had and continue to have a number of programs to help countries deal with the fallout from changing climate, from food security and resilience programs to land use plan-

ning in places like Indonesia. And that will continue to be an important part of our work.

Senator LEAHY. In fiscal year 2019, we provided \$179 million for renewable energy programs, \$177 million for adaptation programs. I just want to know how you are going to spend these funds and is there anything in the fiscal year 2020 budget for these kind of purposes?

Mr. GREEN. Again, our programming goes towards helping countries deal with the consequences of changing climate, and so it cuts across many parts of our work and we will continue to do that work from promoting biodiversity to food security and resilience. So, we will continue to do that work because that is what our partner countries call for, and they need.

Senator LEAHY. Thank you. I appreciate you being here. I think it is safe to say that both Senator Graham and I want you to be successful.

Senator GRAHAM. Yes, amen. Senator Shaheen.

FAMILY PLANNING

Senator SHAHEEN. Thank you, Mr. Chairman and let me share my—and my thanks Administrator Green, for your leadership at USAID and for your being here today to discuss the budget proposal for your agency. This administration has expanded the Mexico City policy to include U.S. global health programs. I have real concerns that this policy was not properly vetted and that it is having severe impacts on our health programs in many countries.

The last time I raised this with someone from the State Department, I was told that we are still trying to collect information on what the impact is of that expanded policy. But, the Foundation for AIDS Research conducted a 6-month study to determine the effect of the expand in Mexico City policy and their findings strongly suggest that the delivery of comprehensive sexual reproductive health information services by current PEPFAR implementing partners is being disrupted by the expanded policy. In fact, 69 percent of countries which were surveyed, and they were most common in sub-Saharan Africa, they indicated that at least one organization in that country had to change the way it provides services or its operations. And of course, we know that the majority of PEPFAR funding is located in sub-Saharan Africa.

In January of 2019, the NGO Marie Stopes International, who is not signed on to the administration's policy, also reported a funding gap at \$50 million as a direct result of this policy, and their information suggests that just means 1.4 million fewer women have access to contraception services and that will lead to 600,000 more unsafe abortions and 4,600 avoidable maternal deaths. That is just one organization that is being affected.

I assume that we would agree. While we may disagree on the importance of reproductive choice, that we would agree that we would like to see America's policies when it comes to delivery of services reduce the number of unsafe abortions and improve maternal health. Would you agree with me that that should be a goal of our policy?

Mr. GREEN. And I will say is I think it is important to point out we are the largest bilateral donor to global health and will continue

to be under the President's request. And as to the issues you raised forcefully, and you and I have spoken many times and you are very passionate obviously and understandably on this cause, the new report will be coming out in a matter of weeks.

We think it should be out in the month of May to address some of the issues and questions that you raised as we promised you we will. We were delayed, quite frankly, because of the last Senate appropriations but that should be coming forward to you soon so that we will have the facts. You will be able to take a look and see what some of the impacts and effects have been.

Obviously our obligation is where a partner does not agree to the conditions, the standard language through the Protecting Life in Global Health Assistance (PLGHA), is to provide a transition and minimize disruption that is what we have been undertaking in terms of some of the numbers that you raised. We will make sure that we get to you those numbers and have a briefing with you to make sure that we have addressed the questions that you have raised.

Senator SHAHEEN. I appreciate that. I understand that under the new policy that Secretary Pompeo has announced, that not only are the foreign NGOs who receive U.S. funding required to comply with the policy, but they are expected to please their partners and their partners' partners while ensuring their own compliance. So, is that correct and is USAID doing anything differently to help them provide the information that is required?

Mr. GREEN. So, two parts to that. First, the latter part of it in line with the Secretary's announcement, we are working with State to finalize both frequently asked questions and what the standard language looks like but as of the first part of it, this part of the Secretary's announcement does not reflect a change in policy. It is the same policy that was in existence say last year. There are a couple of other minor changes that were announced that actually do not touch upon those issues, but in terms of the underlying issue of the follow on sub-grantees, that is actually not a change in policy. It is consistent with the policy last year.

Senator SHAHEEN. But I guess that doesn't get it at my underlying question, which is are the NGOs who receive assistance required to police the partners that they do business with. How does that information relate to USAID and what is USAID doing to help them with how to figure out how to police this?

Mr. GREEN. So again, it is actually not a change in policy. What it does require is a certification. It does require in the standard language that they agree to its provisions. In terms of reporting—

Senator SHAHEEN. Excuse me. I am sorry to interrupt but let me just be clear. And the certification requires not only that they comply with the expanded policy, but that any partner that they are doing business with, they are required to ensure that they are complying as well?

Mr. GREEN. It is. Again, clarifying existing policy that any organization which receives funding subject to PLGHA is not providing support to any foreign organization that provides abortion services or counseling. So, it is actually not a change in policy. As to the impacts, when we did the first report we gave to you and briefed

you on, as you know and as you pointed out, that was 6 months into the policy, and so we had relatively modest data at that point.

We now obviously have much more time that we are looking at. And in terms of what the consequences in numbers are, what its effects have been, that is what we will be able to report to you in May. And I will say in terms of actual numbers and organizations involved, that is actually what is in the final stages of the report that is being prepared that State and USAID and others are finalizing.

Senator SHAHEEN. So, will it report the number of entities that are—those organizations that are receiving assistance are doing business with, will that be part of the report as well? Will we look at how they are being affected as well in terms of the impact of this policy?

Mr. GREEN. It will report those organizations that have chosen not to accept funding under those conditions. Yes, if that is what you are asking.

Senator SHAHEEN. Yes. And will it provide the impact of what that means in terms of lives and other health impacts from the failure to use that funding?

Mr. GREEN. Well the funding will be used. It will simply be used by other organizations. So, we transitioned to other organizations that are willing to accept funding under the conditions of PLGHA. So, the funding—this actually does not reduce funding by a dollar. It does change the organizations that are willing to do that work subject to receive those funds.

AFGHANISTAN

Senator SHAHEEN. Well, I look forward to the report. I want to go to Afghanistan because two weeks ago I was in Kabul. We met with representatives of the government, met with women leaders in the country, and talked to them about their concerns for ending the war. The women that I spoke with were very eloquent in saying that they were tired of the war. They wanted it to end after 40 years but they did not want to see their rights reduced that they have enjoyed since the Taliban was overthrown.

And one of the things that was clear is that any post-conflict situation is going to require support for economic development in Afghanistan. And yet, this budget request reduces the funds for economic development there by \$100 million, a cut of 20 percent. So, I would say given the situation there, do you think that the deed for foreign aid to help with economic development should be diminished at this point?

Mr. GREEN. Senator, as you know the Secretary has ordered a pause to review in Afghanistan that we have been participating in. We will, in our work, continue to perform according to the recent country development cooperation strategy, and quite frankly investment in women in terms of women's education, economic empowerment, and participation in government is crucial part of the future of Afghanistan. I think we have all known that for quite some time so we will continue to prioritize those programs. Again, we see it as vital to the future.

We are obviously all hoping for successful outcome in the peace negotiations that are underway, but we certainly can plan to con-

tinue investing in women. It is programming that were awfully proud of, from the teachers that we have trained to the young girls who are going to school who could not before, to those who are participating in civil society and governance. We think it is truly a hopeful sign for Afghanistan's future.

Senator SHAHEEN. Well I certainly agree with that and I hope you will share that priority with everyone involved in any future peace negotiations. Thank you. Thank you, Mr. Chairman.

Senator GRAHAM. Senator Moran.

Senator MORAN. Mr. Chairman, thank you. Administrator Green thank you for being here. Thank you for taking time to visit with me in my office yesterday, and I thank you for your leadership in working to make the world a better place. General John Allen who was a former commander of U.S. forces in Afghanistan, I have kept his quote around to remind myself and he said this, in many respects, USAID efforts can do as much over the long-term to prevent conflict as the deterrent effect of a carrier strike group or Marine expeditionary force. It brings me to the importance of food aid.

FOOD AID

Can you tell us about how the essential programs like Food for Peace, Feed the Future, and the Dole-McGovern programs are—how important they are to the stability of developing societies to the well-being of our own country, and is now an appropriate time to cut funding to those programs?

Mr. GREEN. Senator, I appreciated the chance that we had to talk about the importance of these programs. And as I mentioned to you, food security and the food security tools that we have did not exist when I served as ambassador, to my great regret quite frankly, in Africa.

I think our food assistance from, obviously, that we provide on a humanitarian basis to, I would argue even more importantly what we do in terms of food security investments on the developing side, is one of the true highlights of American foreign policy and development policy. This is an area in which America is pretty good. American agribusiness leads the world in what it is able to provide, and so when we're able to share this technology and help spread these investments, we help countries deal with, and Senator Leahy brought up the issue of climate change, but we help them deal with resilience issues from drought to the fallout from changing climate and natural disasters.

So, this is some of the most important work that we do. With the funding for Feed the Future, we continue to focus on our target countries, the 12 countries that were determined according to the criteria under the Global Food Security Act, and we think these are the countries in which we can make the greatest difference, and so that is where our focus is. But also, the investments that we have made in recent years continue, and we continue to get the benefits of those.

So even though, you know, we have had to balance, obviously, funding for these programs with fiscal needs here at home, I am confident that we will continue to lead in the food security field.

Senator MORAN. Administrator, I certainly care about both the development and humanitarian side of our efforts in regard to food

aid. I have carried with me a photograph that I took in Kansas more than a year ago. It is no different today than it was then, with grain piled as high as you can see up to a local grain elevator in the absence of markets, and I would highlight for you as I have done for the Secretary of the Department of Agriculture the opportunity that we have not only to feed the world but to utilize grain that is otherwise sitting on the ground in Kansas and across the country. Our farmers desperately need markets and grain desperately needs to be consumed, and we have famines ongoing around the globe and it seems to me we ought to be able to bring these two things together.

PEOPLE'S REPUBLIC OF CHINA

In a different vein, I appreciate how seriously you take China's efforts to extend its influence through its Belt and Road Initiative. In our conversation, you exhibited a significant amount of passion for this topic. Would you talk about China's practices and what we need to do as the United States of America to counter them?

Mr. GREEN. Thank you, Senator. You are right. This is a cause that is important to me personally and I think is important for the United States in the world these days. First off, I do not like to use the term great-power competition that some use because it almost implies that we are on a plane field playing by the same set of rules, seeking the same outcome, and that is simply not true. We do foreign assistance, they do predatory financing, quite frankly.

And so, I think the striking differences between the two models of engagement in the world is something that we should not shy away from talking about over and over and over again. I had, for example, a reference, a conversation I had with some American businesses working in Central America and they said, you know, you all talk about Chinese assistance, we call it loan-to-own. They provide money and they know they are not going to get paid back. They are simply going to get assets surrendered to them.

Also, secondly, the tools that we use. So, we try to bring the strength of private enterprise to our investments. The Chinese model brings Chinese business, which is often a wolf in sheep's clothing, harvesting data and collecting data for their own purposes and interests. Also, quite frankly, you know, China talks about how its overriding policy is noninterference and my argument is that when they use, in a place like Venezuela, technology that they honed and sharpened in Tiananmen Square, that is a non-interference? That is interference on behalf of the dictators and against everyday citizens.

What we offer is a taste of the American dream. We offer opportunity. We offer self-reliance. We help countries lead themselves. We need to talk about it over and over and over again. If we get caught up in a numbers discussion or financial arms race in terms of dollars, I think it is a mistake because we are playing by different sets of rules and have different purposes. We want to help countries lead themselves and we should talk about it over and over and over again. We want to liberate the coming generations in places like Africa to be able to provide for themselves and grab a taste of what it is that you and I have here.

And so, I am passionate about it and I think it should be at the heart of our policy.

Senator GRAHAM. That is a great answer. Senator Merkley.

WEST BANK AND GAZA

Senator MERKLEY. Well, thank you, Mr. Chairman and Administrator Green. Your work spans the globe, affecting millions of people's lives. Starting first with the West Bank and Gaza. It is a very difficult place to have an economy. We have in the past helped with water infrastructure and health infrastructure, housing, and nutrition. How important is that assistance from United States?

Mr. GREEN. Well, obviously, we believe in all of our tools in the investments that we make. As we have discussed, a combination of events has put us in a place where in terms of West Bank, Gaza, you know, we are not providing programming at this moment. A combination of a review ordered by the administration last fall, which led to the redirection of some funding, and then the Anti-Terrorism Clarification Act of 2018 (ATCA) at the end of last year, has prevented us, and in the resulting letter from the Palestinian authorities saying they would not accept assistance from us, has put us in the position where we are unable to do just about all of the programming that we would do.

To be clear, we do not plan to close our mission in West Bank, Gaza. However, we are clearly reducing our staff size because of the lack of programs that we are able to do. But we are hopeful that when the peace plan is unveiled, we are hopeful and believe that we will be a part of it in terms of the future, and so we are hoping to be able to get back to some programming. That could be part of the peace solutions.

Senator MERKLEY. The time. I am going to ask you to answer a little more succinctly. Thank you.

Mr. GREEN. I apologize.

Senator MERKLEY. You know, one of these, you mentioned the peace plan, and one of the supporting documents to the budget's mission says that aid to the West Bank should be contingent on diplomatic progress achieved in support of U.S. objectives in peace. Does this mean that we are politicizing our aid? That we only give it if they say yes to whatever peace plan we put forward?

Mr. GREEN. Senator, I do not have any visibility on the peace plan discussions. I do not think that that is what it is saying. I think what they are saying is that we hope to get to a place where we are able to be able to provide assistance as part of a peace plan, but I would not characterize it as politicizing the aid.

Senator MERKLEY. Okay. I was concerned about that language and want you to take a look at it because that is certainly the way it sounds that aid is frozen until we get agreement from them in our plan. The U.S. has been a very powerful broker in the peace dialogue, but I do not think politicizing aid would be helpful in that regard.

NORTHERN TRIANGLE

Turning to the Northern Triangle, how much actual—are resources that we appropriated then were affected by the conditions that the Congress put on it, by holds that some Members put on

the funding, and by the administration's certifications. How many dollars did we actually deliver for fiscal year 2018 to the ground in the Northern Triangle?

Mr. GREEN. So, for fiscal year 2018, we do not currently have obligation data available. For fiscal year 2017, we obligated a total of \$366 million for the three Northern triangle countries, and I can break those down.

Senator MERKLEY. Yes. I knew it what was obligated but it is actually quite a difference between what was obligated and what arrived on the ground. Maybe we can follow up later and take a look at that difference.

I went down with Senator Carper, some House Members to meet with the presidents and review the U.S. strategy aid there. It is a pretty bleak story of vast stunting on the nutritional, extreme extortion on street level businesses, the big influence of drug cartels, and high-level corruption. The list is pretty long and the amount of aid we delivered I think was a fraction of that \$366 million and it pales in comparison to remittances, which in the last year were \$17 billion.

It seems to me if we are going to have an influence on tackling those problems to affect people's desperate flight north, we are going to have to put a lot more resources into it.

Mr. GREEN. Senator, I look forward to following up with your office and we will try to provide those numbers for you.

[The information follows:]

Of the \$366 million, \$292 million has been obligated directly or sub-obligated to a contract or grant, or transferred to another agency for USAID programming on the ground in El Salvador, Guatemala, and Honduras as of March 31, 2019.

BURMA

Senator MERKLEY. Turning to the Rohingya situation. Thank you for your work on that. We are the biggest aid provider to help Bangladesh address the plight of the Rohingya who some hundred thousand are crowded into Cox's Bazar. I am concerned about one plan of the Bangladesh government which is to put 120,000 people onto a mudflat in the middle of the Delta that I think would be massively impacted in any major storm because any major storm floods about a third of the country as it is. Are we expressing any concern as a Government about the impact people being put onto that Bhashan Char island?

Mr. GREEN. What I can say is we are in no way, shape, or form funding it and providing support to it. I share your concern. I think last year we were all fortunate in that we did not have the heavy rains and storms that so often hit in that area, and so we have been taking the opportunity to reinforce shelters. It is not a perfect answer but at least it is a little bit.

And we have made clear in our discussions with the Bangladeshi government that we seek to provide a full range of services to give these poor people some hope. As we have discussed, the plight of the Rohingya, particularly those left behind in Burma, I think has filled me with more despair than almost anything else that I have seen. It is a truly terrible situation.

SUDAN

Senator MERKLEY. My time is up so I will just close with the comment that in Sudan people have risen up against Bashir. He has been taken off the scene. There may be a moment here where there is a possibility of democracy or just another day of military dictatorship, but I am hoping that all aspects of our State Department, all resources in our foreign strategy, will be brought to bear to help the people of Sudan transition to democratic control that reflect the will of the people.

Mr. GREEN. Thank you, Senator.

Senator GRAHAM. Senator Lankford.

NORTHERN TRIANGLE

Senator LANKFORD. Thank you, Mr. Chairman. Mr. Green, thank you for being here. Thank for all your work. You do a lot around the world and so we appreciate you, both your traveling and your engagement, and your attention to detail. I want to follow up on a statement that Senator Merkley made about the Northern Triangle. About 4 years ago, we committed about \$650 million towards the Northern Triangle. At the end of that time period, several of us in this committee went back to be able to ask, where did the money go, how was it used strategically. And the pretty clear answer we got from the State Department was, we only had half a year and so our focus was getting the money out the door. And it went to basically every Federal entity that had a footprint there just to be able to make sure we spent it and we got it out the door. That was not the answer we were hoping to get. The answer was, what are we doing, how are we measuring it.

So, the next year we came back and asked the same question. We got a fairly similar response of, hey, we are just getting organized. So, this subcommittee actually put some requirements on State Department in our past appropriations work to just ask the question, what are the metrics, where are you looking to go, what are we trying to accomplish? Now the response of the administration to an area that has been very important to us and is quite frankly exceptionally important to the United States if that goes well, the response of the administration seems to be, well we are not getting the answer back yet on getting metrics and all those things are changing so we are just going to pull back funding entirely, I hope the answer is, until we get it right and then lean back in.

So, my question for you really has to deal with the development assistance. What is the target, what is the plan to be able to do there because there are essential needs and it is very important to us just in stabilizing our own country to make sure we have a stable Central America as well. That is to the benefit of our foreign policy to make sure that that is strong as well.

Mr. GREEN. Great question. So, first off, globally we have changed all the metrics that we use to measure our work, and we have actually produced road maps for each country. We are using 17 independent indicators trying to measure progress on those characteristics that we think are essential for self-reliance. As specifically to the Northern Triangle, a few things that we are doing.

So, we began adjusting our programming in recent months to focus our programs as much as we can on those areas that are producing, according to apprehension data, the largest number of refugee or migrant flows. So that is the first piece of it. Secondly, we have been working on and hope to be able to return to, in the future, being able to put specifically into our programs, into all of our offerings, contracts and grants and our partnerships with private business, specifically reducing migrant legal immigration flows as an objective against which contracts and grants must be evaluated. So, we incentivized our partners to look specifically at that issue and to report on it. And we think that is one of the best ways to get the data that you are looking for.

Senator LANKFORD. I will tell when I met, and many of us have been in the region, but when I met with leaders in the region, they desperately want their focus to stay. They want to create—

Mr. GREEN. It is their future. It is the life blood of their future.

LEBANON

Senator LANKFORD. Correct. They see hard workers leaving the area and is to the detriment of their country and to the region as a whole. And they are trying to figure out how to be able to stop that as well but let me shift a little bit. Another really important partner for us in the Middle East is Lebanon. They have 1.5 million refugees from Syria there. I was in the Beqaa Valley a few weeks ago. It is remarkable to be in some of those communities and see two, three times more Syrians than there are Lebanese in those area. It is a very difficult challenge for them. It is one the U.N. has been very engaged in.

I know that you are engaged in as well, and it is very important to us that we stay engaged with Lebanon, the LAF, and what they are doing to be able to stabilize the country as well as our ongoing partnerships there. Help me understand kind of the goals of how things have changed in the last couple of months for USAID in Lebanon and kind of the direction you want to go.

Mr. GREEN. Thank you, Senator. I agree with the importance that you place upon Lebanon. Obviously our goal is to promote a stable, sovereign, and prosperous country that is at peace with its neighbors. So, we are working to provide quality reliable education, water and sanitation to Lebanese citizens as well as Syrian refugees living there. That is a big part of our focus. We do not currently have an assistance agreement with the government of Lebanon, which creates some limitations on what we are able to do. We are primarily engaging with civil society, and local and regional governmental leaders, but from providing services to those who have been displaced to the host communities, it is a high priority for the reasons that you stated.

BURMA

Senator LANKFORD. That is great. Help me understand a little bit with Burma. You mentioned in your opening statement that you spent a lot time on a man-made disasters basically, on being able to help, and your target is to be able to help determine what can we do not only to help people in this area but hopefully change the status quo of what is actually happening there long term. How do

you measure that in a place like Burma, to be able to figure out obviously so much human need that is there and in Bangladesh and the region. But trying to change the status quo for the people long term on that, how do you measure that?

Mr. GREEN. Difficult to measure in a setting like that. So, in the case of Burma, two aspects to it. The overriding theme of our work is that the government of Burma needs to complete its democratic revolution.

The great hope that we all had that was launched, unfortunately, it is entirely incomplete. They did the first part of it, perhaps the easiest part of it. They now need to create a vibrant civil society that gives the ability for its numerous community groups to be able to engage in a constructive way and that is not taking place right now. Secondly, with respect to the Rohingya who are in Burma who have been left behind, I can tell you that I visited a displaced community camp not far from Sittwe, essentially a prison camp. I mean, there were fences and guards, and I had to look in the eyes of a young father as he said to me, I will never forget this, he said okay, there is no mosque so we cannot worship, there are no teachers so my kids can't get an education, I am not allowed to leave without written permission which I never get, and the only food I have got is what you give me. What do I tell my son?

I have no answer to that, and so we need to continue to press the government of Burma to change that scenario. They have to find ways to reintegrate, in a dignified, voluntary, and safe manner, the Rohingya because they are part of the future, and until that happens, you are going to continue to see the despair, and my opinion, inherent instability.

Senator LANKFORD. True. Thank you.

Senator GRAHAM. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman. Welcome Administrator Green and thank you for all of the work that you are doing and your team at USAID with the resources that you do have. I just want to second the comments of the Chairman with respect to the budget that was submitted. It is totally inadequate to support important U.S. foreign policy goals and I am confident this subcommittee will address that.

EGYPT

Let me ask you about Egypt because I know you visited Egypt recently. You have got President el-Sisi who of course visited the United States recently at the same time that he has imprisoned thousands of Egyptians for expressing their political views, tortured a lot of his citizens simply for expressing their political views, has imprisoned as of today about 15 to 20 U.S. citizens on trumped-up charges. Would you agree that it would be appropriate for us to condition any U.S. assistance, whether military or economic, at the very least on the release of U.S. citizens who were imprisoned by Egypt?

Mr. GREEN. I would refer you to the State Department for a statement of foreign policy, however, let me say that clearly that is not in line with our values. Secondly, you know, as you and I discussed, we work through civil society groups. That is how we do our assistance. And so, when you have restrictive laws and regula-

tions that make it difficult for civil society to be vibrant and to operate, quite frankly that restricts our ability to help them with the things that they seek to achieve as a people and a government.

Senator VAN HOLLEN. Yes. And I know as we discussed yesterday, we are hopeful Egypt will change that law to at least allow NGOs to operate more freely again. That of course doesn't address the issue of the 15 to 20 American citizens that are being detained.

WEST BANK AND GAZA

Let me follow up on some questions that Senator Merkley asked regarding assistance to Palestinians whether in Gaza or the West Bank. You referenced the Anti-Terrorism Clarification Act of 2018 (ATCA). We talked about this yesterday. Would you agree that the way the ATCA has been interpreted has led to some unintended consequences?

Mr. GREEN. I am assuming they were unintended. I would ask the authors but clearly it has been eliminated our ability to do programming in the West Bank, Gaza area involving Palestinians. They followed up with correspondence and indicated they would not accept it.

Senator VAN HOLLEN. Yes, and look I support the Taylor Force Act. I was, you know, co-sponsor of that legislation, making sure that systems did not flow through the Palestinian Authority (PA) but what the ATCA has done, and I believe it was unintended, was to prevent any humanitarian assistance flowing to support humanitarian efforts in the West Bank, Gaza or elsewhere. But as you indicated that is only half the equation, right. This administration actually has made a deliberate decision to terminate all U.S. assistance in any event. Did they consult with you at all before they made that decision?

Mr. GREEN. So last fall, the administration determined to redirect assistance then from West Bank, Gaza. What we are hopeful for now—

Senator VAN HOLLEN. So, Mr. Green, a simple question. I mean as I recall they did not—

Mr. GREEN. So, we certainly have been providing input on our programming and we continue to do that.

Senator VAN HOLLEN. Did you recommend terminating U.S. assistance to Palestinians?

Mr. GREEN. I was not asked. And so, I did not recommend.

Senator VAN HOLLEN. Okay. Would you agree that those programs, for example, support through Catholic relief services, Lutheran World Federation, the Augusta Victoria Hospital, that those have served U.S. interests by providing humanitarian relief?

Mr. GREEN. We believe that all of our programs do and so I will stand up for all of our programs. And we are very hopeful that we will be getting to a place as part of a peace deal or peace offering that will allow us to return to doing some of that work there.

Senator VAN HOLLEN. Well I appreciate your hopefulness. I unfortunately am less hopeful given everything I have been hearing about the so-called plan of the century which to me sounds more like an effort on the one hand to just totally squeeze the Palestinians economically by cutting off assistance as you just described has been the administration's position, thinking that somehow that

is going to get people to surrender some of their political objectives. That has never been, in my view, a formula for success but I guess hope springs eternal. Speaking of that, I am concerned because you were in Jordan recently as well, right?

Mr. GREEN. Yes.

JORDAN

Senator VAN HOLLEN. And, you know, the King when he was here a few months ago expressed great concern about the fact that the United States had ended its commitment to the United Nations Relief and Works Agency (UNRWA). The Jordanian foreign minister has repeatedly said that that is going to create instability. On the short-term we have seen others around the world held back though some of that support, but do you agree with the foreign minister that supporting UNRWA is important to stability in Jordan given all of their challenges that they are facing?

Mr. GREEN. Senator, I do not mean to duck the question but UNRWA is a State program, so I refer you to the State Department.

Senator VAN HOLLEN. And I understand that, but you were just in Jordan and there is a lot going on there. And, you know, Jordan is going to be squeezed in a big way, politically, if the so-called deal of the century does not address some fundamental issues. We are putting the King, who has been a little island of stability and a pro-American leader, in an awful situation by cutting off funding for UNRWA and possibly making him very vulnerable, with respect to whatever we are going to roll out on the so-called deal of the century. So, do you share any of those concerns based on your recent visit to Jordan?

Mr. GREEN. You know, as we discussed, I take a look at Jordan and the tremendous challenges that they face inherent in their status as a host community and so I think it is incumbent upon all of us to do what we can to obviously to ease the burden, financial burden, but also create more vibrant opportunities for the young people. It is our largest mission and will continue to be a central part of our engagement in the region. It is very, very important.

Senator VAN HOLLEN. Thank you. Thank you, Mr. Chairman.

Senator GRAHAM. Before Senator Coons, if the Palestinian Authority (PA) fell who would replace them?

Mr. GREEN. Senator, I cannot answer that question.

Senator GRAHAM. Probably not good people.

Senator COONS. Thank you, Chairman Graham. Thank you Administrator Green for testifying today and for your tremendous service to our country. It was great to see you in Cote d'Ivoire, the World Bank's Women's Empowerment Conference that I attended along with Chairman Graham, and it is good to see you back here in Washington as well.

As many of my colleagues have said, the administration's proposal to cut 27 percent from the total international affairs budget or the 150 accounts is dead on arrival, so I will forgo detailing all the different ways in which I think it is ill-advised and I oppose it. I just want to express my gratitude to the Chairman and many others here in a bipartisan basis for saying we will not embrace a cut of that significance. One example I will point to that I think

helped show why these cuts would be concerning is the Democratic Republic of the Congo.

EBOLA OUTBREAK

As I think you know very well, the Democratic Republic of the Congo is simultaneously going through a governance crisis, a humanitarian crisis, and a raging Ebola outbreak, and of the first attack by an ISIS linked group in the country, yet the budget proposes a 30 percent cut in assistance to DRC. As you have conveyed to me, and many others have as well, the Ebola outbreak in DRC is spreading and is increasingly out of control.

A record 26 people died of Ebola in North Kivu Province today alone, the highest daily toll since the outbreak began. I would be interested in your telling this subcommittee how we can strengthen your efforts and support your efforts to encourage the WHO to do more to fight this outbreak, and in your opinion, are we investing enough resources in preventive global health security measures to improve resiliency and to prevent this Ebola outbreak from getting further out into the region?

Mr. GREEN. Great question. So first off, I would say that the investments that we have made on the global health side have been strong and I think effective. I think this is far greater than a global health challenge and that I think is really what makes this particular pandemic challenge among the most challenging and daunting that we have ever faced because it is layer after layer of problems.

And I think that the answer to it is going to require more than simply global health and humanitarian investments. It will take development investments, as you know, and we have talked about in many of the poorest parts of the world, when we try to engage in the kinds of behavioral change, communication that is often at the heart of our work, it is very difficult for people who are hungry, who are facing problems of effective democratic representation, facing a wide range challenges, to focus on the one that we are bringing forward. So, I suspect the effective path forward, which we are pushing hard on, will be a comprehensive approach that does involve a lot of addressing of development challenges on top of the immediate medical ones.

In addition, we have been on the record, we sent correspondence to WHO, urging them, calling upon them to take a much more aggressive stance in their vaccines strategy. You know, as you know as we have discussed, there are population centers nearby the outbreak area that if the disease were to spread there, I think would present numerous significant challenges. So, I appreciate your bringing it up because I think it is one of the most important, certainly global health, but one of the most important challenges on a security front that we face right now.

Senator COONS. Should we take comfort from the fact that there is a vaccine or is there a ceiling in terms of the number of currently manufactured and available vaccine doses and a real risk that when we hit that ceiling we will not be able to replenish the supply for a significant period of time?

Mr. GREEN. One of the challenges with the vaccine that we are using currently is they take 8 to 10 months to replenish. And so,

we need to be thinking ahead. And again, my view is that if we are going to err on the side of caution producing far more vaccines supplies that might be immediately called for, and also secondly, let's face it, we should not assume that this will be the only pandemic, the only outbreak that we face. And so, I think to be properly prepared and responsible, I think we need to significantly ramp up. There are other vaccines that are out there. There is a two dose vaccine which represents some challenge and its deployment but is being used with healthcare professionals, health workers. But again, we need a much more aggressive vaccine strategy in my estimation.

Senator COONS. I appreciate your staying in close touch with us about it because I am very concerned that there is not the level of engagement that there needs to be from our Government when Ebola got away from us in West Africa.

Mr. GREEN. And if I can say, I think one of the other challenges to remember is the new head of state in DRC was named newly elected and has not been able to form a new government yet. And so, the minister of health that is in place today will not be the minister of health in a matter of weeks and that of course creates uncertainty. So, there are many challenges beyond the immediate global health challenge.

FRAGILE STATES AND GLOBAL FRAGILITY ACT

Senator COONS. One of the other challenges is how ISIS or an ISIS linked group has taken advantage of these governance and humanitarian challenges to execute the first ever attack by ISIS linked group in DRC. Do you think USAID and our whole foreign policy apparatus is well positioned to take preventive measures to combat extremism in fragile states?

As I think you are well aware, Senator Graham and I are working to advance the Global Fragility Act to require State Department, USAID, Department of Defense to collaborate on a strategy to prevent, reduce fragility in at least five priority countries, and it would direct resources to a partnership development fund to leverage private dollars and donors by allied or partner countries. And I hope you will support this legislation, but I am interested in whether you think we currently are well-positioned to deal with fragile states and preventing them from becoming failed states in exactly the way we are seeing unfold in the DRC?

Mr. GREEN. This legislation and the thrust behind it is most welcomed. We look forward to working with you on it. As we have talked about, nature abhors a vacuum and so does stability, and right now there is a vacuum in many ways, particularly in the Sahel region, and so we need to sharpen our tools and sharpen coordination across the interagency to make sure that we deploy them carefully in a coordinated fashion and I think you have touched upon the right mix. So, we look forward to working with you on it. It is very, very important.

UNITED STATES DEVELOPMENT FINANCE CORPORATION

Senator COONS. Let me also just ask, President Trump signed the bill act into law last year. It is a bill that I took a very active hand in and it authorizes the establishment of a new development

finance corporation. I am just returned from a trip to Asia where I met with leadership of the export-import bank of Korea, published an article in partnership with our ambassador in Japan about how we could work with the Japan Bank for International Cooperation (JBIC).

One of my concerns is that it retained, you know, the word development in the title Development Finance Corporation not there by accident. It was certainly my intention that there be very strong links between our lead development agency, USAID, and the implementation. That there be both double-headed leadership and field staff and assessments that ensure that these projects are not just commercial in nature but have a development focus.

Are there concerns you have or that you would be willing to share with us about implementation? Are you confident this will be a development finance corporation?

Mr. GREEN. Senator, I really appreciate your question, also what you have put on the record, especially as a leading author of the legislation. Upon its passage and being signed into law, we immediately began meeting with the Overseas Private Investment Corporation (OPIC), our counterpart, towards the implementation according to the legislation. And I think that those meetings have been good, constructive meetings but in many ways the most important decisions lie ahead of us and I think it is crucial that it retain integration of development and the field staff that we have around the world at USAID, with the tools that OPIC brings newly enhanced, thanks to the legislation. And I think it is also important that we look at it with a clear development impact.

It is important that, if we are going to compete with China, it is important that our assistance incentivize the kinds of reforms that helped countries to reach self-reliance and self-sufficiency. Again, China will never do that. If we simply provide loans, if we simply provide assistance but do not incentivize reforms and do not have a very clear development outcome to projects, I think we will fall short of what you intend with the legislation. And so, we are hopeful in coming weeks and months that we will be able to have that integration. I think it is important.

Senator COONS. Thank you for that answer. You know, as Senator Graham and I worked on the Fragile States bill, we recognized it will be challenging to get State and Defense and USAID to all pull in the same direction, all work together but that is the only way that a comprehensive strategy to prevent fragile states from becoming failed states can actually work for the Development Finance Corporation to actually carry forward on the vision that many of us worked so hard to get into law here in the Congress. It has got to be a development finance corporation.

At the Belt and Road Conference in Beijing just a few days ago, Xi Jinping responded to criticism that many of their projects are opaque, are burdening partner countries with excessive debt, and do not have a development focus. I think we need to be showing an alternative approach that is genuinely transparent, that are good deals from a commercial perspective but that are also sound from the development perspective.

I know the chairman has been quite tolerant with my going well over time. I just want to ask one last question. One of the things

I am trying to move forward is a partnership fund for peace that would put \$50 million into assistance to the Palestinian people through private sector partnerships. This is not through the Palestinian Authority (PA). This is not for any other intermediary. It is essentially to take advantage of existing USAID work in East Jerusalem and private sector work to scale a partnerships between entrepreneurs who are both Israeli and Palestinian. Is that something you are familiar with? Is that something you could imagine being a positive in the environment that Senator Van Hollen was just talking about where the withdrawal of our support for UNRWA is leaving a significant vacuum in the perception of our support for the advancement of the Palestinian people?

Mr. GREEN. Well, obviously I would have to see the legislation and would have to take a look at the legal framework within which we are working, but anytime that we can sow seeds of private enterprise, growth, and economic opportunity seems to me to be a good thing.

Senator COONS. Well, thank you for your testimony and I very much look forward to working with you in the year ahead. We have got a lot of important things to do together. Thank you, Administrator. Thank you, Mr. Chairman.

Senator GRAHAM. Thanks, Senator Coons, and you will be invited to appear before the Foreign Relations Subcommittee on Africa to talk about the Global Fragility Act and we hope to have a hearing and a markup and get it moving. Thanks again Mark for coming. Statements for the record from the Office of the Inspector General, USAID, and a letter from the Comptroller General of the United States regarding "Priority Open Recommendations: U.S. Agency for International Development", will be made part of today's record (see Appendix at the end of the hearing).

ADDITIONAL COMMITTEE QUESTIONS

I would ask that subcommittee Members submit any questions for the record no later than this Friday, May 3rd, by 2:00 p.m.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. MARK GREEN

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

Question. Will the "safe zone" require humanitarian and stabilization assistance? How much is included in the fiscal year 2020 budget request for this purpose?

Answer. The U.S. Agency for International Development (USAID) currently funds 21 organizations that are delivering humanitarian assistance in Northeast Syria, including international non-governmental organizations and United Nations agencies. USAID continues to monitor discussions about "safe zones" in Syria, but cannot determine at this time the level of humanitarian and stabilization assistance, if any, that might be required for them.

Question. Does the administration intend to continue to fund the important work of the White Helmets? How much is included in the fiscal year 2020 budget request for this purpose?

Answer. With available funding, the U.S. Agency for International Development (USAID) continues to fund and prioritize the life-saving work of the White Helmets; from fiscal years 2013 through fiscal year 2018, USAID provided approximately \$39 million in financing from humanitarian accounts to the White Helmets. There is no indication this posture will change as we move into 2020, although the President did not include dedicated funding for the White Helmets in the budget request for fiscal year 2020.

Question. The fiscal year 2020 budget request is a 21 percent cut below the fiscal year 2019 enacted level. In Asia specifically, what is your narrative to explain to allies and adversaries that America is not retreating?

Answer. The President's budget request for fiscal year 2020 for Asia is nearly 50-percent higher than his proposal for the region in the previous year. Since last year, the Administration has launched an ambitious strategy to promote a free, open, and secure Indo-Pacific region. For its part, to achieve maximum results for available dollars under the *Indo-Pacific Strategy* (IPS), the U.S. Agency for International Development (USAID) has developed a sharply focused plan for aggressively scaling up approaches already proven successful. Throughout Asia, we will redouble our efforts to engage the private sector—American and local—to increase the impact of foreign assistance. We will work with governments, civil society, and the private sector in our partner countries to mobilize domestic resources to advance our joint development objectives, and we will leverage funding from like-minded bilateral and multi-lateral donors in the region.

Question. What is the role of USAID in implementing the Indo-Pacific Strategy?

Answer. The role of the U.S. Agency for International Development (USAID) is to build capacity and commitment in our partner countries to bring about the necessary changes to achieve the goal of the *Indo-Pacific Strategy* (IPS): to advance a free, open, and secure Indo-Pacific region in which all nations are sovereign, strong, and prosperous. Taking advantage of relationships that USAID develops by being present on the ground, we are focused on creating the necessary regulatory environment to achieve three key objectives:

- Strengthen Democratic Systems: Over the last few years, democratic institutions across Asia have been significantly tested, particularly because of increased corruption, opaque commercial deals, and subversions of national sovereignty. USAID will implement programs in democracy and citizen-responsive governance that promote the integrity of electoral processes, protect human rights and promote religious freedom, strengthen the independence of media and the integrity of information, and support civil society.
- Foster Economic Growth: Despite Asia's growing wealth, a number of challenges constrain partner countries' growth and create opportunities for foreign predatory tactics that create economic and political dependency. USAID's programs in economic growth and governance will focus on leveling the playing field for trade, improving competitiveness, creating an enabling environment for the development of high-quality infrastructure, and strengthening the digital economy and connectivity.
- Improve the Management of Natural Resources: Irresponsible infrastructure projects erode the natural resources upon which many of our partner countries depend for their long-term growth. USAID will fund programs that focus on strengthening legal frameworks for the management of natural resources and enforcement of environmental safeguards; fostering sustainable private-sector supply-chains; enabling energy-sector transformation and safeguards; promoting the adoption of international environmental standards; supporting water and energy security; and encouraging legal and sustainable forestry and fishing.

Question. We understand that State and USAID are implementing a 50 percent personnel reduction in Embassy Kabul, and the budget for Afghanistan is a 24 percent cut below fiscal year 2018 enacted.

- What was the strategic rationale for reducing our personnel footprint in Afghanistan?
- Where does USAID plan to reduce staff and what impact will this have on our ability to effectively implement assistance?
- Is the Administration signaling to Iran and the Taliban that we are abandoning Afghanistan?

Answer. The Islamic Republic of Afghanistan remains an important focus of U.S. foreign policy. The U.S. Agency for International Development (USAID) is reviewing our current assistance program in Afghanistan in an effort to better align it with core U.S. national-security interests. These core objectives include supporting the Afghan peace process and preserving the flexibility to invest in the implementation of an eventual peace settlement; preserving state stability, including support for citizen-responsive, democratic governance to guard against conditions that create or enable the establishment of terrorist safe havens; and assisting the transition to Afghan self-reliance by supporting private-sector growth led by exports, and funding civil society to provide core functions customarily provided by government.

While undertaking this realignment, we wish to remain flexibly responsive to changing needs in Afghanistan, while shifting to more-sustainable levels of staff in Kabul. Under the direction of the Secretary of State, we have completed the initial

planning for a 50-percent reduction in staffing at the USAID Mission in Afghanistan. We anticipate the adjustment will affect all offices at the Mission while preserving key competencies for implementation, planning, and oversight. The plan will not affect Foreign Service National staffing. In addition, USAID plans to consolidate and streamline our portfolio to improve management with fewer staff. With these changes, USAID anticipates we will still be able to provide sufficient oversight and performance-monitoring of our programming.

Question. The administration proposes significant cuts to assistance for Pakistan (\$265 million below the fiscal year 2019 request level), including reprogramming funds in the pipeline.

—Is USAID planning on a staffing reduction in Pakistan? If so, by what percentage?

Answer. As the Mission of the U.S. Agency for International Development (USAID) in the Islamic Republic of Pakistan continues to spend down its pipeline and our programs evolve through their life cycles, the Agency will adjust staff levels in Islamabad accordingly, including the mix of hiring mechanisms, to reflect oversight and operational needs dictated by programmatic requirements. While the President’s budget request for fiscal year 2020 for development assistance for Pakistan is significantly lower than the fiscal year 2019 request, the USAID Mission in Islamabad continues to implement a substantial portfolio of existing programs, and will maintain staffing levels necessary for the responsible management of U.S. taxpayer resources. USAID will notify Congress about any changes to staffing levels in Pakistan.

Question. What is the appropriate role for USAID in addressing the long-term development challenges that fuel conflict, including scarce resources, high birth rates, and lack of education/economic opportunities?

Answer. Most countries in which the U.S. Agency for International Development (USAID) operates are making gains along the Journey to Self-Reliance, but some are experiencing various degrees of fragility. Ineffective governance, exclusionary politics, corruption, and festering social tensions drive vulnerability to armed conflict, extremist and political violence, and even state collapse. Environmental hazards, the depletion of natural resources, rising migration, and other stresses exacerbate these vulnerabilities.

To protect gains in fragile countries, USAID’s investments aim to prevent crises in the first place, by counteracting the drivers of conflict, violence, and other instability. Through conflict-sensitive approaches to development assistance, USAID uses resources for health, education, economic growth, and food security to address conflict-fueling grievances and foster constructive engagement. When instability does erupt, USAID assists governments, civil society, and the private sector to mobilize effective responses to mitigate the impact of these crises. To ensure rapid and strong recovery from crises, USAID’s programming works to strengthen resilience to shocks and stresses at the national and community level, including those that result from increasingly strained natural resources and mounting environmental pressures.

Question. What programs are contained in the fiscal year 2020 budget request to address conflict and development in Africa?

Answer. The President’s budget request for fiscal year 2020 budget includes requests for bilateral conflict-mitigation and stabilization programs in the Republics of Burundi, Mali, and South Sudan, the Democratic Republic of Congo, the Federal Democratic Republic of Ethiopia, and the Federal Republics of Nigeria and Somalia. Historically, Missions of the U.S. Agency for International Development (USAID) in Africa have also received resources from the Reconciliation and Complex Crisis Funds managed by the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) for activities to promote the involvement of women in peace and security.

In countries that do not have bilateral conflict-mitigation and stabilization funds, USAID seeks to address the root causes of violence indirectly through conflict-sensitive approaches across diverse sectors and funding sources. Conflict-sensitive approaches recognize explicitly and seek to mitigate risks that development assistance will aggravate grievances or increase tensions between groups, and when possible, also attempt to rebuild trust within the parameters of their development objectives (e.g. health, education, agriculture).

Question. What is the “Prosper Africa” initiative, and what level of funding is included in the fiscal year 2020 budget for its implementation?

Answer. Prosper Africa is the Trump Administration’s whole-of-Government, economic initiative to increase two-way trade and investment between the United States and Africa while supporting jobs at home and abroad. It will advance African and American prosperity and security, fuel mutual economic growth and job-cre-

ation, and demonstrate the superior value proposition of transparent markets and private enterprise for driving self-reliance.

Prosper Africa is a new way of doing business. It will modernize the way the U.S. Government supports the private sector by using its expansive presence, capabilities, and expertise to increase engagement on the African continent. The Initiative is not an effort to absolve any Federal Departments or Agencies of their existing mandates; they will continue to do what they do best, and use scarce resources to address systemic problems that exclude American competitors and sponsor game-changing interventions. Fifteen U.S. Government Departments and Agencies will work together to facilitate transactions and foster fair and accessible business climates and robust financial markets across Africa.

The President's request for Prosper Africa for fiscal year 2020 is \$50 million.

Question. How can the Committee best support implementation of the Women's Global Development and Prosperity initiative?

Answer. The Members of your Committee, whose leadership and support are critical to upholding and advancing women's empowerment, and equality between men and women, play an important role with the Women's Global Development and Prosperity Initiative (W-GDP), a first-of-its-kind whole-of-Government approach to enhance women's participation in the global economy. The U.S. Agency for International Development (USAID) manages the W-GDP Fund, an innovative vehicle for scaling proven programs and catalyzing private-sector engagement, which currently consists of discretionary development dollars from fiscal year 2018. As codified in the Women's Entrepreneurship and Economic Empowerment (WEEE) Act of 2018, multiple factors affect gender equality and women's empowerment, which require investments across sectors and integration of effective interventions into every program by using the best available evidence. We welcome the Committee's support to shine a light on the critical issues that affect gender equality and women's dignity and economic empowerment, such as gender-based violence.

Question. Do you agree that the U.S. and other international donors must do more—earlier and better—to bolster governance, institutions, and the legitimacy of the state to counter the rise of extremism?

Answer. Preventing the growth and spread of violent extremism is key to achieving the goals outlined in the 2018 *U.S. National Strategy on Counterterrorism*. Security is fundamental to achieving objectives embodied in the Journey to Self-Reliance. Ineffective governance, exclusionary politics, corruption, and festering social tensions drive vulnerability to armed conflict, extremist and political violence, and even state collapse.

To be successful, we must work with national and local governments, international organizations, civil society, faith-based organizations, the private sector, affected communities, and others to address the drivers of violent extremism, conflict, and instability. The U.S. Agency for International Development (USAID) is shifting to a systemic, whole-of-society approach across its programming to counter violent extremism to advance the U.S. Government's strategy to prevent terrorism. These programs will focus explicitly on the challenges posed by violent extremism, targeted at a hyper-localized level, and will leverage critical local partners.

Question. What total resources has USAID requested in fiscal year 2020 to address fragile states in Africa and elsewhere?

Answer. The U.S. Agency for International Development (USAID) has requested \$338.4 million in Economic Support and Development Funds in fiscal year 2020 for bilateral programs to address development challenges in 18 of the 22 most-fragile states in Africa, according to the Fund for Peace's Fragile States Index (using the "Alert," "High Alert," and "Very High Alert" categories). This figure does not include funding for health programs or resources that benefit these countries via regional or centrally managed programs.

It is important to note, however, that there is no universally agreed definition of "fragile states." The World Bank, the Organization for Economic Co-operation and Development, and the Fragile States Index, among others, classify fragile states differently. USAID does not explicitly label countries "fragile" and "non-fragile," budget for fragile states, or fund "fragility" programs. Instead, USAID seeks to understand the underlying patterns of governance that drive fragility and vulnerability to crisis, and address those through development-assistance interventions across sectors.

Programs in peace and security and democracy, human rights, and governance target the underlying drivers of fragility. Programs in all development sectors, including health, education, and food security can also help to reduce fragility by incorporating approaches that strengthen governance relationships within and between state and society. As a result, this can help enhance inclusion and cohesion, and build transformative capacities at the local level.

FOREIGN ASSISTANCE

Question. The Committee is aware of an ongoing foreign assistance review. What are the elements of this review and which countries is the Department or NSC conducting reviews of foreign assistance?

What was the role of USAID in this review?

Answer. We refer all questions on the Foreign Assistance Realignment to the National Security Council.

Question. There has been discussion that USAID is in the process of creating a “New Partners Initiative” (NPI) that aims to make U.S. foreign assistance more effective by leveraging the strong local community relationships enjoyed by many small to medium-sized non-profit organizations. Smaller organizations, both faith-based and secular, have an immense “value add” to USAID missions through their unique ability to build partnerships and relationships on a local level. These organizations are able to mobilize resources and respond quickly to immediate needs and conflicts. Can you please provide the committee with updated information on the status of the NPI?

Answer. The U.S. Agency for International Development (USAID) has shifted to focus on increasing the ability of governments, civil society, and the private sector in our partner countries to plan, fund, and manage their own development based on their individual levels of capacity and commitment, an approach we call the “Journey to Self-Reliance.” Advancing self-reliance means diversifying the Agency’s partner base, strengthening the capacity of local partners, and managing awards more proactively to hold traditional partners accountable for empowering local organizations to lead in the implementation of programs. The New Partnerships Initiative models how we plan to pursue all of these strategic objectives.

We, at USAID, also believe that small to medium-sized organizations, both faith-based and secular, bring immense value to development. As USAID seeks to accomplish our core purposes in development assistance or humanitarian relief, we need to reach corners and communities of the world where governments cannot effectively go, or have chosen not to go. USAID must be able to touch people who have been left behind or forgotten. In many settings, this involves working first with civil society, including communities of faith. Civil-society and faith-based partners are often uniquely trusted by, and capable of delivering services in, these neglected communities. They can harness networks, resources, and insights that help us reach out in ways the U.S. Government, host-country governments, or international partners otherwise could not.

USAID will launch the NPI on May 1, 2019, to attract a wider range of potential award applicants—such as civil society, faith- and community-based organizations, small businesses, local entrepreneurs, universities, diaspora groups, and others—and facilitate their working with the Agency. The Initiative itself was a recommendation of the Effective Partnering and Procurement Reform (EPPR) work stream under USAID’s Transformation initiative.

A priority under the NPI is pursuing greater direct engagement with new and “underutilized” partners (defined as organizations that have received less than \$25 million cumulatively from USAID over the last 5 years). The NPI defines “local partners” to include both local entities and locally established organizations. USAID’s Missions will pursue direct awards to new and local partners that qualify, and alternatively engage established partners as awardees that mentor new and local partners as sub-awardees. Such prime partners will then focus on building the capacity of their subprime partners and pass through the majority of funds to them, so the sub-recipients can lead in implementation. In addition, USAID will deepen our engagement with established partners to leverage significant private development assistance and other non-Federal funding. This will enable the Agency to scale outcomes and extend our mission in hard-to-reach areas. The NPI approach should help USAID’s Missions to engage new and underutilized partners through a series of solicitations designed by technical bureaus to meet shared, country-level objectives.

On May 1, USAID will release the first NPI solicitation, an NPI Annual Program Statement (APS) from the Bureau for Democracy, Conflict and Humanitarian Assistance. This solicitation will focus on the prevention of, and recovery from, conflict, with an Addendum from our Mission in Iraq. USAID’s Missions will release more country-level addenda soon, and the Bureau for Global Health will issue an NPI APS in the coming weeks.

 QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Anyone who is paying attention to what is happening in the world can see that pressures on developing countries are increasing. Climate change and an

increase in the number and severity of natural disasters, armed conflict, human displacement, unsustainable rates of population growth, energy and water shortages, weak governance, corruption, violent extremism, Ebola and other public health threats—the list of complex challenges the world faces, and especially poor countries, is not getting shorter.

Given the above, and given that USAID's entire budget is a fraction of 1 percent of the total Federal budget, why is the administration proposing to slash funding by an average of more than 20 percent from the current level for USAID programs and personnel to combat these problems?

Answer. While the administration views the role of the U.S. Agency for International Development (USAID) as critical to national security, the President also remains committed to restraining overall non-defense discretionary spending, including for USAID. The President's budget request for fiscal year 2020 upholds U.S. commitments to key partners and allies through strategic, selective investments that enable the United States to retain its position as a global leader; at the same time, it relies on other nations to make greater proportionate contributions toward shared objectives that support U.S. national security, promote U.S. prosperity and economic opportunities, and advance American interests and values around the world.

We acknowledge that this budget request will not provide enough resources for us to meet every humanitarian need or seize every international development opportunity. USAID remains deeply committed to our core day-to-day work: helping support the world's most-vulnerable populations affected by humanitarian crises; promoting human rights, democracy, and citizen-responsive governance; and improving development outcomes in the areas of economic growth, education, the environment, and health worldwide.

Question. Why is this in our national security interest?

Answer. The President's budget request for fiscal year 2020 aims to balance fiscal responsibility here at home with our leadership role and national-security imperatives on the world stage. The proposal for fiscal year 2020 prioritizes those countries and sectors most critical to U.S. interests, by providing resources to enhance maritime security; advance democracy, human rights, citizen-responsive governance, and the rule of law; promote private-sector competitiveness; improve health; support basic education; counter terrorism; address transnational crime, and maintain the United States' status as the preferred security and economic partner in the world.

Question. For years, USAID has supported programs to help address the basic health, education, water and sanitation, and other needs of the Palestinian people in the West Bank. We have also supported humanitarian assistance to Palestinians in Gaza, through the U.N. Relief and Works Agency. This administration, in contrast, has cut off all assistance to the Palestinians.

If the Palestinian Authority does not agree to whatever peace deal the White House puts forward, will USAID resume humanitarian and development assistance? If not, why not, and what impact will that have on the Palestinian people?

Answer. In August 2018, the Administration concluded its review of Palestinian assistance. At the direction of the President, the U.S. Department of State and the U.S. Agency for International Development (USAID) re-directed more than \$200 million in fiscal year 2017 Economic Support Funds originally planned for programs in the West Bank and Gaza to high-priority projects elsewhere.

In December 2019, the Palestinian Authority requested that all activities implicated by the Anti-Terrorism Clarification Act (ATCA) in the West Bank and Gaza end by February 1, 2019. Accordingly, USAID ceased all ongoing programmatic activities by January 31, 2019, with the exception of grants to manage and mitigate conflict in Israel with Jewish and Arab participants.

USAID defers to the White House on further questions concerning the peace plan, and the conditions under which United States assistance to the West Bank and Gaza would resume.

Question. We are increasingly seeing infectious diseases spread from wildlife into human populations. Past Ebola outbreaks and the current one in the Democratic Republic of the Congo are examples.

Scientists warn that the next big pandemic will likely be caused by a deadly pathogen transferred from animals to humans.

USAID's Emerging Pandemic Threats program has led to many discoveries about the emergence and spread of human pathogens that originate in animals, but more needs to be done.

What additional investments and capabilities are needed to reliably identify and mitigate potential pandemic threats in wildlife, before they infect humans, and how much is in the fiscal year 2020 budget request for this?

Answer. The United States, in close cooperation with its international partners, prevents, detects, and responds to infectious-disease threats at home and abroad, whether naturally occurring, unintentional, or deliberate. The Congressional Budget Justification for fiscal year 2020 includes a request of \$90 million for the Global Health Security Agenda (GHSA). These funds would support the next phase of the GHSA, known as “GHSA 2024,” and would enable the U.S. Government, in partnership with other nations, international organizations, and public and private stakeholders, to prevent avoidable epidemics, detect threats early, and respond rapidly and effectively to disease outbreaks to prevent them from becoming global emergencies or even pandemics. Assistance from the U.S. Agency for International Development (USAID) would also strengthen systems and capacities across the animal- and human-health sectors needed to identify and address zoonotic diseases at the national, regional, and community levels; strengthen laboratory and surveillance capabilities to detect and characterize infectious-disease threats; improve risk-communication programs; and strengthen the detection, surveillance, and control of pathogens resistant to anti-microbial.

In the near future, the U.S. Government will launch its *Global Health Security Strategy*, which supports the President’s *Biodefense and National Security (NSS) Strategies*, including the priority actions under the NSS of “Detecting and Containing Biothreats at their Source” and “Improving Emergency Response.” The *Global Health Security Strategy* describes how the United States will prevent, detect, and respond to infectious-disease threats globally and domestically, including by improving compliance with the International Health Regulations (2005) in developing countries.

Question. It is difficult to think of anything that more directly affects people’s health and quality of life than safe water and sanitation. Yet billions of people lack one or the other or both. In fiscal year 2019 we included \$435 million for these purposes—which is not very much for the whole world—and the Administration is proposing to cut that to \$165 million in fiscal year 2020, a cut of \$270 million or 62 percent.

Why so little for these programs?

Answer. We thank Congress for its unwavering support for improving global water and sanitation through the Senator Paul Simon Water for the World Act of 2014 (the Act). The U.S. Agency for International Development (USAID) will continue to prioritize water and sanitation, in line with available resources, to implement the Agency’s Water and Development Plan under the *U.S. Global Water Strategy* required by the Water for the World Act. The Plan seeks to help partner countries increase safe drinking water and sanitation for the underserved and most vulnerable, in alignment with U.S. national-security and foreign-policy objectives.

USAID intends its assistance in water and sanitation assistance to be catalytic in helping governments, civil society, and the private sector in our partner countries plan, finance, and deliver sustainable services for the neediest. Through our Water and Development Plan, we are working to strengthen systems for water and sanitation and leverage new financing for the sector. Consistent with the needs and opportunity criteria in the Act, and USAID’s Water and Development Plan under the *U.S. Global Water Strategy*, the Agency is committed to focusing on countries and regions of greatest need, especially those where the opportunity to improve the lives of women and children is greatest, and to leveraging investments by partner governments, other bilateral and multilateral donors, and the private sector to maximize impact.

Question. How can people escape poverty without safe water and sanitation?

Answer. Reliable access to safe water, sanitation, and hygiene are essential to health, resilience, the empowerment of women and girls, and the escape from poverty. The Journey to Self-Reliance Country Roadmaps developed by the U.S. Agency for International Development (USAID) use an index of child health and access to water and sanitation as a leading metric for measuring the progress of our partner countries. These Roadmaps serve several purposes, including helping us to identify where each country is in its development journey and informing our strategic decisionmaking and allocations of resources. The inclusion in the Road Maps of metrics for water, sanitation, and hygiene (WASH) reflects USAID’s overall commitment to the Water for the World Act and our investments in WASH to build health, resilience, and prosperity in our partner countries. The Roadmaps and the high-priority designation criteria in the Water for the World Act ensure we focus USAID’s investments in places where they will have the greatest impact over the immediate and long term.

Question. Your fiscal year 2020 request would cut funding for international family planning by more than 60 percent, to \$237 million. According to information from

organizations that do this work, based on achievements in fiscal year 2018 this cut of \$370 million would have the following impacts:

- 15.4 million fewer women and couples would receive contraceptive services and supplies;
- There would be 4.6 million more unintended pregnancies, including 2 million more unplanned births;
- There would be 1.9 million more abortions, the majority of which would be provided in unsafe conditions; and
- There would be nearly 9,000 more maternal deaths—deaths that could otherwise have been prevented.

We know that access to modern contraceptives dramatically reduces maternal and newborn deaths, as they enable women to space their pregnancies at least 3 years apart. Women are more likely to survive pregnancy and childbirth and their children are more than twice as likely to survive infancy.

How does an administration that calls itself “pro-life” justify these budget cuts?

Answer. As the world’s largest bilateral donor to global health programs, the United States remains committed to helping women and their children thrive, and to investing our available resources effectively. Preventing child and maternal deaths and improving women’s health are high priorities for the U.S. Agency for International Development (USAID), and we fund programs in dozens of countries focused on maternal and child health; nutrition; malaria; HIV/AIDS; tuberculosis and other infectious diseases; and voluntary, informed family planning. This effort has always relied upon partnerships with other donors and national governments, and its continued success depends on their sustained involvement, because the United States cannot fund every program indefinitely. Building self-reliance and self-sufficiency demands a greater level of domestic funding for voluntary family planning and activities to improve reproductive health.

Question. For purely political reasons that have no factual basis, the administration is transferring \$32.5 million we appropriated for UNFPA to USAID.

In which countries and for what purposes are you using the fiscal year 2018 funds that were reprogrammed from UNFPA?

Answer. The U.S. Agency for International Development (USAID) will invest the funds originally intended for the United Nations Population Fund in fiscal year 2018 for activities in voluntary family planning and maternal and reproductive health, as required by statute, and will submit the required Congressional Notification. These investments will contribute to the U.S. Government’s commitment to increasing women’s access to high-quality healthcare, and advance progress toward the Agency’s priority goal under the USAID-State Department *Joint Strategic Plan* for fiscal year 2017–2022 of ending preventable maternal deaths.

Question. In your testimony you say “The United States stands with those who are yearning for a better life and a true democracy.” You then go into detailed critiques of Venezuela and Cuba, and later on you talk of a “backsliding of democracy . . . from Caracas to Phnom Penh.”

Nobody here would defend the governments of those countries. But like others in this Administration, you ignore the world’s most repressive governments whose leaders President Trump has praised, like Saudi Arabia, Russia, and Egypt.

You say “Rarely these days do authoritarian leaders oppose elections outright. Instead . . . they use sophisticated tools and methods to bend elections to ensure they can maintain their grip on power. Subverting civil society and independent media, manipulating vote tabulations, and other anti-democratic ploys.” That sounds like Egypt and Honduras, doesn’t it?

Do you agree that if the U.S. is going to be taken seriously as a leader in defending democracy overseas, we need to be consistent?

Answer. The ascent of authoritarianism and the rise of hostile non-state actors have altered the strategic global landscape and increased the vulnerability of well-established democratic nations and emerging democracies alike. The People’s Republic of China and the Russian Federation directly challenge an international order based on democratic norms, respect for human rights, and peace. The dictatorships in Iran and North Korea seek to increase their regional influence through coercion and aggression, export their illegal nuclear programs, and support malign non-state actors. State-supported and independent cybercriminals attack the interests of the United States and its allies through theft, extortion, and malicious intrusions aimed at crippling infrastructure. The Kremlin conducts covert and overt campaigns to undermine core Western institutions and weaken faith in the democratic and free-market system; this malign influence and predatory behavior extends to the political, security, informational, energy, and economic spheres.

The U.S. Agency for International Development (USAID) recognizes the importance of country-specific context in shaping a programmatic approach to address any nation's most-pressing democracy, rights, and governance challenges. Where countries are manipulating elections and subverting civil society and the independent media, USAID is funding programs that can shine a light on irregularities and abuse, provide greater transparency over the actions of malign actors, and offer protection for civil-society organizations and human-rights activists that face legal or physical danger for their efforts to expose wrongdoing or hold governments accountable.

In recognition of the diverse global threats posed by China and Russia—as well as those posed by regional actors—USAID is also developing frameworks for countering authoritarian influence globally and safeguarding democratic systems. The goal is to have an approach we can apply consistently in nearly every country where USAID works to identify and address vulnerabilities to democratic institutions, processes, and norms that risk being exploited and undermined. The approach will also draw from recent evidence that reveals USAID's democracy assistance has the biggest return on investment in hybrid regimes where democratic systems are under threat and there are opportunities to restore and expand liberties. I look forward to sharing this framework with you and discussing how USAID is applying it across a variety of country contexts, including in some of our more complex bilateral partnerships.

Question. Like it or not and regardless of what the White House may think causes it, climate change is happening. The Department of Defense considers it a national security threat. I would take it a step further: it is a global security threat.

In fiscal year 2019, the Congress provided \$179 million for renewable energy programs and \$177 million for adaptation programs.

How and where do you plan to spend those funds?

Answer. Programs funded by the U.S. Agency for International Development (USAID) continue to help countries deal with the consequences of climatic shocks. The Department of State and USAID are in the process of developing funding allocations for fiscal year 2019, including for renewable-energy and climate-adaptation programs. The State Department and USAID take into account Congressional directives when proposing funding allocations, including information included in the Joint Explanatory Statement that accompanies the annual Department of State, Foreign Operations, and Related Programs Appropriations Act (SFOAA).

We anticipate that the allocation and obligation of funds for renewable-energy and adaptation programs would build largely on existing programs supported with funds from fiscal year 2018.

Climate-adaptation is a secondary objective in many of USAID's programs, in particular those in climate-sensitive sectors such as food and water security, disaster-risk reduction, and infrastructure.

Question. How much is in your fiscal year 2020 budget for these purposes?

Answer. The President did not propose funding specifically for climate-adaptation or renewable energy in his budget request for the U.S. Agency for International Development for fiscal year 2020. However, the budget request includes \$201.966 million for modern energy services, which includes renewable energy and end-use energy-efficiency in its definition.

Question. Your recent op-ed in *Foreign Policy* magazine describes how China's Belt and Road initiative threatens the ability of developing countries "to achieve self-reliance".

You wrote that "China does not support globally recognized sustainable and transparent lending practices", and that China exchanges debt for access to a country's strategic assets—like farm land, minerals, railroads and ports.

The administration points to the new Development Finance Corporation (DFC) as the way to counter China's influence, by promoting private sector investment consistent with international standards for transparency and financial sustainability.

Is the DFC capable of offsetting the huge investments the Chinese are making to obtain access to foreign resources? If not, what is to prevent us from falling further and further behind?

Answer. We refer you to the White House on the question regarding the new Development Finance Corporation (DFC) and the influence of the People's Republic of China.

The U.S. Agency for International Development (USAID) has created a "Clear Choice" Framework in which we show our partners, and potential partners, the difference in the approaches taken by the United States and China and other authoritarian countries.

What the United States and our allies seek to do is to help countries move from being recipients of assistance, to partners, to fellow donors, a trajectory we at

USAID call the Journey to Self-Reliance. Chinese state-provided financing is large, but it is predatory, long-term obligations, very often unsustainable, that give China a strategic and often military advantage.

The most important things we can do to oppose the Chinese model are to make that choice clear, and to have a presence in our partner countries. The governments and private sector in most developing countries will say behind closed doors that the United States is their preferred partner because of the vibrancy our system offers. We need to engage with them and provide them more flexible opportunities to work with our private sector.

Question. We included \$3.5 million in fiscal year 2019 for USAID's Advisor for Indigenous Peoples Issues, a position I established years ago. We also required USAID to post on its website—not later than 90 days after enactment, which will be May 15th—the policy on indigenous peoples we asked for in fiscal year 2018.

The goal of the policy is to ensure that USAID meets the highest standards for protecting the rights and addressing the needs of indigenous peoples, who are among the world's most vulnerable.

Has the policy been finalized?

Answer. The programs and practices of the U.S. Agency for International Development (USAID) should meet the highest standards for protecting the rights and addressing the needs of indigenous peoples. USAID is in the final stages of launching the Policy on Promoting the Rights of Indigenous Peoples (PRO-IP), which establishes a framework for engagement with indigenous peoples to ensure they are partners in the development process. USAID is providing safeguards to prevent any unintended impact on them from our programming.

In late 2018, USAID undertook a significant revision of the draft Policy, and used the document for consultations with indigenous peoples, stakeholder non-governmental organizations, and U.S. Government Departments and Agencies. The Agency is now finalizing the draft for posting on the Agency's website during the Summer of 2019.

We have used the \$3.5 million included in the appropriations bill for fiscal year 2018 to support the Advisor for Indigenous Peoples Issues, to pilot programs to further the objective of protecting indigenous peoples, and to prepare guidelines and launch activities for the implementation of the new Policy.

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER A. COONS

Question. What is the status of the USAID Transformation process?

Answer. The Transformation is the global effort by the U.S. Agency for International Development (USAID) to position our processes, programs, workforce, and structure for the future, through 27 projects and 77 total deliverables.

After several months of planning and project-development, led by teams of USAID employees, the Transformation has achieved several major deliverables, including a new Leadership Philosophy for the Agency; the Self-Reliance Metrics and Country Roadmaps; USAID's first-ever Private-Sector Engagement Policy; the Agency's new *Acquisition and Assistance Strategy*; important improvements in our human-resources systems and policies; and changes in the policies for managing our awards. After the completion of a major deliverable, the respective Bureau or Independent Office within USAID assumes accountability for the continued implementation of the reforms.

The most important piece of the Transformation is securing concurrence on the remaining Congressional Notifications (CNs) for the Agency's restructuring and limited legislative changes necessary to implement the restructuring, including the pilot Adaptive Personnel Project. As of today, April 30, 2019, Congress has cleared the following CNs related to the Transformation:

- Reorganization CN #1: Bureau for Humanitarian Assistance;
- Reorganization CN #2: Bureau for Resilience and Food Security;
- Reorganization CN #3: Bureau for Conflict Prevention and Stabilization; and
- Reorganization CN #5: Bureau for Asia.

Question. What action, if any, do you seek from Congress to fully implement the proposed reforms?

Answer. The U.S. Agency for International Development (USAID) is seeking a statutory change to allow the use of Program funds to pilot a non-career, term-limited, and talent-based hiring mechanism (the Adaptive Personnel Project) that would provide the Agency with the flexibility and adaptability to hire staff to support ever-changing programs in global health and to respond to crises and humanitarian need.

USAID is also seeking statutory changes to support our structural reforms. The first is to rename the Agency's two remaining Executive Scale Level IV Assistant Administrator positions as "Associate Administrators," and to label all remaining Assistant Administrators without regional distinction in Section 5313–5315 of Title 5 of the United States Code. The second is an amendment to Public Law 105–277 of 1998 to create the USAID Office of Security (SEC) as an Independent Office "within the Office of the Administrator," as proposed in the Congressional Notification (CN) for the reorganization of USAID's Bureau for Management (M Bureau). Third, for the expanded M Bureau to function optimally, USAID is requesting authority to transfer funds into an Information-Technology Working Capital Fund (WCF), as envisioned by the Modernizing Government Technology Act of 2017, as well as the authority to establish an Acquisition and Assistance WCF to support the Agency's efforts in procurement reform.

Following extensive consultations with Congress on our structural reforms, USAID transmitted nine Congressional Notifications to our Committees of jurisdiction that outline a series of proposed changes. USAID continues to work with these Committees to address several remaining holds.

Question. How have the reforms impacted the fiscal year 2020 budget request?

Answer. The President's budget request for fiscal year 2020 advances and reflects the implementation of reforms across the U.S. Government, including a major structural reorganization of the U.S. Agency for International Development (USAID) to strengthen our core capabilities, increase efficiency, and reduce costs. USAID's structural reforms are foundational, and would create a field-focused, functionally aligned Washington operation that would empower our Missions to advance the Journey to Self-Reliance in our partner countries.

The President's budget request would improve the ability of governments, civil society, and the private sector in our partner countries to marshal and manage their own development through the mobilization of domestic resources and improvements in fiscal transparency, the enabling environment for private investments, public financial management, and the creation and growth of capital markets.

All of the reforms we have proposed will improve how we do our business. We look to leverage fiscal year 2020 resources through new approaches to private-sector engagement and more efficient, effective, and collaborative procurement practices.

Question. How do you anticipate that these reforms will impact country, regional, and sector aid allocations in the coming years?

Answer. The Policy Framework, Self-Reliance Metrics and Country Roadmaps, and other reform efforts at the U.S. Agency for International Development (USAID) have set new expectations for how we approach our development work. We are looking to make sectoral investments to reinforce governments, civil society, and the private sector in our partner countries on their Journey to Self-Reliance, and we are incorporating this approach in our sectoral strategies, many of which we are revising and updating now. We look to integrate new procurement practices, new approaches to engaging the private sector, and other core parts of the Agency's Transformation into all of our work. One such reform is building the annual budget request based on objective, data-driven analytics rooted in the Journey to Self-Reliance framework, including by accounting for how we are leveraging the private sector and aligning performance with budget. This has led to some changes in the President's budget request for fiscal year 2020, but will have even more impact as we complete new Country Development Cooperation Strategies for every Mission over the next 2 years.

QUESTION SUBMITTED BY SENATOR CHRIS VAN HOLLEN

Question. USAID Form 1420 requires contractor employees to provide their salary history for the last 3 years, which potentially raises concerns about perpetuating gender pay gaps.

—How does USAID use the salary history information collected on Form 1420?

—To what extent, if any, does salary history influence compensation for personnel on USAID contracts?

Answer. The market rate for a position should be the first factor to consider when setting a salary, supported by other considerations, such as an individual's suitability, qualifications, and experience. Given the potential for gender disparity in hiring and compensation based on salary history, I have approved revising Form 1420 on biographical data to eliminate salary history and replacing it with market value and supporting rationale for Personal Service Contractors and positions under cost-reimbursement contracts. The work stream on Effective Partnering and Procurement Reform under the Transformation of the U.S. Agency for International De-

velopment (USAID) has fast-tracked this action, to provide Contracting Officers (COs) with new tools and approaches, while also ensuring the Agency's standards are up-to-date, responsive, and flexible to emerging needs. The Agency will now pursue rule-making to revise the bio-data form and work through any public comments during that process. Even without the regulatory change, COs must ensure they do not penalize a qualified individual with a lower salary history by approving a lower salary/rate if the candidate meets all the requirements for a position.

SUBCOMMITTEE RECESS

Senator GRAHAM. The subcommittee stands in recess subject to call of the chair.

[Whereupon, at 3:01 p.m., Tuesday, April 30, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

APPENDIX

STATEMENT AND LETTER FOR THE RECORD

PREPARED STATEMENT OF INSPECTOR GENERAL ANN CALVARESI BARR
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID's Top Management Challenges and OIG's Continuing Oversight

April 30, 2019

MR. CHAIRMAN, RANKING MEMBER, AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for asking us to provide a statement for the record for the subcommittee's hearing on USAID's fiscal year 2020 budget. USAID manages nearly \$30 billion in budgetary resources to expand economic growth, create markets and trade partners for the United States, and promote stable and free societies. In addition to promoting good will abroad, these investments help advance U.S. national security interests. USAID's programs provide humanitarian aid to people in countries recovering from natural disaster and periods of armed conflict, as well as assistance in combating the spread of disease and addressing food insecurity, child and maternal mortality, illiteracy, and gender inequality.

Coordinating and implementing foreign assistance is inherently complex, particularly in countries and regions characterized by conflict, government instability, or natural disaster. The inhospitable environments USAID frequently works in create major challenges for the Agency in carrying out its mission. How well USAID identifies, assesses, and mitigates risk in delivering assistance programs is key to overcoming these challenges and to the programs' effectiveness. While adapting to the myriad of country contexts requires flexibility, it cannot eclipse the rigor and safeguards that are needed to protect USAID programs and funds and provide beneficiaries the assistance they desperately need.

To help ensure that the U.S. Government achieves maximum return on these investments and achieves its foreign assistance goals, OIG provides independent oversight of USAID.¹ As part of this oversight, the Reports Consolidation Act of 2000 (Public Law 106-531) requires USAID to include in its performance and accountability report a statement by the Inspector General summarizing the most daunting challenges the Agency faces and the progress made in managing them.

Drawing on our recent audits and investigations, we identified four top management challenges that need USAID's attention now and likely into the foreseeable future. This statement for the record summarizes these challenges—some of which are longstanding—from our "Fiscal Year 2019 Top Management Challenges" report.

SUMMARY

The first major management challenge concerns USAID's efforts to assess and mitigate the risks in providing humanitarian and stabilization assistance—particularly in nonpermissive areas, those affected by conflict or natural disaster. Deficiencies in this area create opportunities for those who seek to exploit vulnerabilities. USAID's limitations in mitigating implementer risks have contributed to the complex corruption schemes we uncovered in Iraq and Syria, and across Africa. This challenge is rooted in the Agency's lack of effective planning, monitoring, and evaluation to counter corruption and the threat of foreign assistance diversions to terrorists.

The second challenge concerns the need for more robust analyses of country capacity and financial backing to build on U.S. investments in international development. Promoting sustainability and ending the need for foreign assistance is central to USAID's mission. However, USAID's upfront analyses of multimillion dollar projects were insufficient to determine a country's ability to strengthen local skills and secure public- or private-sector commitment to continue development activities and services after U.S. involvement ends. This was the case with USAID's HIV/

¹ OIG also provides oversight of the Millennium Challenge Corporation, U.S. African Development Foundation, Inter-American Foundation, and Overseas Private Investment Corporation. In addition, OIG provides oversight of overseas contingency operations as part of the lead inspector general framework established in section 8L of the Inspector General Act, as amended.

AIDS prevention and treatment project in Cambodia when a key donor abruptly decreased its funding soon after the project was launched. The sustainability of USAID's West Bank and Gaza Conflict Mitigation and Management Program has also been called into question. USAID has yet to evaluate the program—which has been ongoing since 2004 with more than 100 grants awarded to local and international organizations—to determine long-term impact and improve the effectiveness of future grants. Again, insufficient planning, monitoring, and evaluation are at the root of these vulnerabilities.

Reconciling distinct interagency priorities and functions to advance U.S. foreign assistance is the third major challenge facing USAID. Our oversight of USAID activities related to the Ebola response in West Africa, sustainable energy in Haiti, and other foreign assistance efforts continues to show that competing priorities, different policies and procedures, and additional layers of review—particularly with the Department of State—complicate and impede multiagency response and development activities. Our work validated gaps in the delivery of foreign and humanitarian assistance in West Africa, Latin America and the Caribbean, and fragile states worldwide.

The fourth challenge concerns vulnerabilities in USAID's financial and information management systems. USAID's ability to carry out its mission and ensure effective stewardship of Federal funds depends on the integrity and reliability of these systems. Despite noteworthy actions to improve its systems, USAID continues to grapple with meeting stringent Federal financial and information management requirements for promoting transparency and accountability. Specifically, USAID has been unable to reconcile its intragovernmental transactions and differences between its general ledger and Treasury's; manage its awards to implementers, which total approximately \$17.6 billion annually; and fully comply with Federal Information Technology Acquisition Reform Act requirements.

MANAGING RISKS INHERENT TO PROVIDING HUMANITARIAN AND STABILIZATION ASSISTANCE

In December 2018, the United Nations estimated that \$21.9 billion would be needed to assist 131.7 million people in 42 countries affected by natural disasters and conflict. USAID reports expending an average of approximately \$2.6 billion on humanitarian and stabilization assistance annually.² Public health crises and extremist group activities further exacerbate the need for humanitarian and stabilization assistance worldwide.

To procure and distribute relief supplies in these volatile environments, USAID must balance efforts to deliver assistance—which frequently entail working with nongovernmental organizations (NGO), contractors, and public international organizations (PIO),³ while coordinating with multiple U.S. Government agencies and international donors—with safeguards to ensure assistance does not adversely affect local markets or fall prey to corruption.

Fraud, waste, and abuse in these settings are acute, and managing these risks has been a longstanding challenge for USAID—especially when short-term humanitarian responses evolve into a protracted presence, as in Syria, Iraq, and Somalia. While USAID evaluates operational context and implementer capacity to determine whether the risk of inaction outweighs the risk of providing assistance, our investigations and audits continue to expose weaknesses in USAID planning and monitoring that create opportunities for bad actors to exploit vulnerabilities, as described below.

Overseeing PIOs. PIOs help implement U.S. humanitarian responses in non-permissive environments. However, USAID has been challenged in overseeing these organizations. As we reported in September 2018, USAID did not align its PIO policies and processes with Federal internal control standards or develop clear documented standards for properly vetting, managing, and overseeing PIOs. In addition, USAID lacked sufficient policies and processes for identifying, assessing, and managing PIO risks. Instead, USAID relied on PIOs to assess and manage their risks. USAID's awards to PIOs working in Syria and Iraq—which now span more than 6 years and total \$2.6 billion—are particularly vulnerable to fraud, waste, and abuse because the awards had not been designed with internal control standards appropriate for the context.

Responding to Public Health Crises of International Concern. The 2014 Ebola epidemic in West Africa was one of the deadliest infectious disease outbreaks in mod-

²For fiscal years 2013 through 2017 as reported in USAID's agency financial reports.

³PIOs include U.N. organizations or international finance organizations, and are subject to fewer Federal restrictions than other types of implementers.

ern history. USAID led the response by the United States, which appropriated around \$5.4 billion and was the largest international donor. USAID's strategy provided needed flexibility to adapt to changing circumstances, including evolution of the disease. However, a lack of policies for a whole-of-Government approach, delays in obtaining emergency funding, and other factors complicated the response. Insufficient needs assessments, frequent staff turnover, and weak handover procedures for rotating response teams further undermined USAID's efforts. One official said USAID operated with too few people to follow the money and determine whether support was reaching targeted beneficiaries. Ultimately, USAID procured \$4.6 million in excess medical supplies, and most USAID-funded treatment centers and care units opened after the majority of Ebola cases had already occurred; as a result, some centers and units never saw patients.

Identifying and Curbing Fraud and Corruption in Nonpermissive Environments. Nonpermissive environments are especially vulnerable to individuals intent on stealing U.S. funds and goods, depriving beneficiaries of assistance in insecure countries such as Iraq and Syria. A \$150 million pledge that the United States made in July 2017 to help Iraqis return to communities freed from Islamic State of Iraq and Syria (ISIS) occupation was placed on hold because of fraud allegations. Following a joint investigation, USAID and the United Nations Development Programme agreed to additional funding requirements that call for stronger internal controls, expanded monitoring of project activities, controlled sharing of contract details, enhanced fraud prevention training, and a full-time, Iraq-focused investigator.

USAID's cross-border relief programs for internally displaced Syrians have been similarly exploited, reducing the quality of humanitarian assistance provided to refugees. One individual with close ties to host-country officials manipulated tenders to companies he was affiliated with for personal profit. In another case, a USAID implementer manipulated procurements in favor of vendors that offered bribes and kickbacks, shortchanged deliveries, and substituted products in USAID-funded supply kits with items of lesser quality. A separate incident exposed a ring of Turkish vendors that colluded with staff from four USAID implementers. USAID has taken action to improve award management, program oversight, internal processes, and fraud prevention; however, our ongoing investigations continue to substantiate allegations of fraud and mismanagement.

Preventing Support to Terrorists. Enhanced vigilance is critical to ensuring U.S. foreign assistance does not support groups designated as foreign terrorist organizations.⁴ The risks inherent to providing assistance can be exacerbated in states with weak democratic systems and accountability where these groups operate, often with great influence over the communities that USAID assists.

Insufficient monitoring and oversight have allowed terrorist groups to divert assistance from intended beneficiaries. For example, under the threat of Hay'at Tahrir al-Sham (HTS)—a designated terrorist group operating in northern Syria—an NGO's employees knowingly diverted thousands of USAID-funded food kits worth millions of dollars to ineligible beneficiaries (including HTS fighters) and submitted falsified beneficiary lists. A USAID third-party monitor reported the diversion, and our investigation resulted in USAID suspending the program and the NGO terminating dozens of employees. Another OIG investigation found that implementer staff were affiliated with or sympathetic to known terrorist groups in northwest Syria. The NGO ultimately suspended portions of its program to reverify the identities of all of its beneficiaries, adapted its program to the changing risk environment, and terminated or asked for the resignation of a number of employees.

While USAID requires its award applicants to disclose any prior material support provided to terrorist entities and verifies that contractors are not blocked from receiving USAID funds, implementers have falsely certified that they have not materially supported blocked entities. Further, USAID's requirement to disclose past material support to terrorist organizations concerns only implementers applying for assistance awards, not contracts. We notified USAID of these vulnerabilities—which particularly affect high-risk programs in Afghanistan, Iraq, Syria, and similar nonpermissive environments—and understand the Agency is working on corrective action.

Detecting and Reporting Sexual Exploitation and Abuse (SEA). On learning in February 2018 that an NGO had covered up claims of SEA violations in Haiti following the country's catastrophic 2010 earthquake, we sent a memorandum to the USAID Administrator highlighting vulnerabilities in USAID's SEA-related reporting requirements for implementers. Our March 2018 memorandum noted that, under

⁴Designated as such by Executive Order 13224, the Specially Designated Nationals and Blocked Persons List published by the Office of Foreign Assets Control, or the Department of State's State Sponsors of Terrorism List.

Agency policy for awardees and subawardees, the standard for reporting SEA allegations to USAID and OIG was limited to complaints of human trafficking or procurement of commercial sex. Even in cases of trafficking and commercial sex, implementers were given the discretion to report only allegations that they deemed credible—a threshold that may be too high and delay independent and prompt assessments and responses by USAID and OIG.

USAID has taken action to address some risks we identified. For example, USAID has included special conditions in some awards and revised its policy for agreements with PIOs to improve its oversight of these organizations. Further, after the Haiti SEA incident was exposed, the USAID Administrator reaffirmed the Agency's zero tolerance for sexual misconduct, exploitation, or abuse of any kind—a message emphasized at the Administrator's March 2018 "Forum on Preventing Sexual Misconduct."⁵ The Administrator also established the Action Alliance for Preventing Sexual Misconduct, joined by an OIG liaison, which worked with OIG in updating standard award provisions and establishing additional guidance clarifying that all forms of sexual misconduct that affect beneficiaries should be reported to USAID and OIG, not just those involving trafficking or commercial sex.

We will continue to assess USAID's humanitarian assistance activities. For example, we are reviewing USAID's activities in Iraq as part of an ongoing audit. Another OIG audit is looking at USAID's oversight of selected implementers delivering humanitarian assistance in response to the Syrian crisis. We are also currently auditing USAID's response to crisis in West Africa—where years of conflict and escalating violence perpetuated by Boko Haram and ISIS have displaced an estimated 2.5 million people in the countries surrounding the Lake Chad Basin—in part to assess its actions to prevent terrorist organizations from obtaining USAID humanitarian funds.

STRENGTHENING LOCAL CAPACITY AND IMPROVING PLANNING AND MONITORING TO
PROMOTE SUSTAINABILITY OF U.S.-FUNDED DEVELOPMENT

The ultimate aim of U.S.-funded development is to end the need for foreign assistance. To support partner countries' journey to self-reliance and better ensure that development is sustainable after U.S. involvement ends, USAID calls for investing in communities that have a stake in continuing activities and services; building the skills of local stakeholders; and promoting planning for sustainability, which could include public- or private-sector participation and financial backing.

Best practices for achieving sustainable development encourage increased use of local systems to implement donor-funded programs.⁶ USAID initiatives reflect these principles, and in 2016, the Agency updated its policy on development programming with an emphasis on promoting local ownership. However, working with local partners and host-country governments with limited capacity, weak financial systems, and insufficient internal controls presents significant challenges for USAID.

USAID also continues to work to implement its planning, learning, monitoring, and evaluation cycle to (1) design programs that are supportable and complement larger strategies, (2) promote accountability, (3) adapt programs before they get off track, and (4) inform decisions about current and future programming. Our audits and investigations have repeatedly shown the consequences of operating without a fully implemented program cycle, especially on development programs that encourage self-reliance. For example:

—A key assumption for the success of USAID's HIV/AIDS prevention and treatment project in Cambodia was continued support from other donors. However, soon after the project was launched in November 2012, the Global Fund to Fight AIDS, Tuberculosis, and Malaria abruptly decreased its funding, requiring the project to substantially reduce the number of planned local centers for excellence, undermining USAID's plans to strengthen local organizations and minimize the need for external funding after the project was implemented. At the same time, the project lacked performance indicators to quantify progress in implementing planned innovations, measure efforts to build local capacity, ensure innovations' cost-effectiveness, or inform decisions on expanding innovations to reach larger populations.

—USAID's Global Health Supply Chain-Procurement and Supply Management Project—a \$9.5 billion indefinite delivery, indefinite quantity contract awarded

⁵The forum included the Inspector General and representatives from key implementers and U.N. agencies.

⁶Best practices incorporate principles from the 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action, and the 2011 Busan Partnership for Effective Development Cooperation.

to Chemonics International in 2015—is intended to provide cost-effective health commodities in more than 50 countries, as well as technical assistance in supply chain management. However, since 2016 our investigations and joint operations with local authorities have revealed that host governments’ warehousing and commodity distribution systems are vulnerable to supply chain leakage, creating the potential for large-scale, illicit resale of USAID-funded commodities to private businesses and public markets. These joint efforts have, as of March 2019, resulted in 41 arrests and 30 indictments of subjects suspected of selling stolen commodities on the black market.

- USAID did not evaluate its West Bank and Gaza Conflict Mitigation and Management Program—ongoing since 2004 with more than 100 grants awarded to local and international organizations—to determine long-term impact and improve the effectiveness of future grants. The mission recently initiated an evaluation that it expected to be completed in May 2019.
- The Haitian Government delayed planned reforms considered key to the success and sustainability of a USAID-funded project to expand electricity generation in the country.
- USAID/Pakistan did not reach an agreement with stakeholders on who would operate and maintain Pakistan’s \$20.9 million Satpara agricultural irrigation project after USAID’s planned December 2018 withdrawal. The project called for Pakistan’s Public Works Department to manage the upgraded irrigation system, but with no prior experience managing these types of systems, the department did not plan to take over responsibility, and the irrigation system has already shown signs of deterioration.
- On the Gomal Zam Multipurpose Dam Project, USAID and Pakistan did not implement a plan to maintain electricity generation or restore power in the event that it failed. After the dam was completed in June 2013 and handed over to the Pakistani Government, Pakistani officials reported sporadic electricity generation, and by October 2016, system failures and damages had altogether shut down electricity generation, which has yet to be fully restored.

USAID has begun to address its multiple sustainability challenges. Notably, USAID began a strategic transition in 2018 that focuses on building country self-reliance using high-level metrics to identify strengths and weaknesses, help inform strategic decisions, and ultimately determine a country’s level of commitment and capacity to be self-reliant. USAID has taken other steps too. For example:

- To build local capacity, USAID established external partnerships with the International Organization for Supreme Audit Institutions and signed a memorandum of understanding with the Government Accountability Office (GAO) in April 2016 to enhance the oversight capabilities of audit organizations in developing countries. The success of these partnerships will depend on how USAID cultivates them.
- To improve planning and monitoring—longstanding challenges cited in our past Top Management Challenges reports—USAID updated and added rigor to its policy for program design and management in September 2016. Recognizing the need to build internal capacity to fully implement the policy, USAID’s Bureau for Policy, Planning, and Learning developed new training, tools, and technical assistance to support missions’ program planning and monitoring. As of August 2018, the Agency had trained more than 3,000 staff in performance monitoring and evaluation, and approximately 900 staff had completed courses in project design. These actions should help address the Agency’s planning and monitoring challenges, but sustained management focus will be required to ensure programs and projects are effectively designed and meet performance expectations.
- In addition, USAID included sustainability in its first Agency Risk Profile⁷—approved by the Administrator in July 2017—and developed a sustainability risk mitigation plan. Even with the mitigation plan in place, Agency leadership recognizes that regular monitoring of the plan through the enterprise risk management (ERM) process may be needed. The Agency also included risks related to planning and monitoring in the risk profile and will continue to monitor and manage these risks through its ERM process.

We continue to monitor USAID’s efforts to strengthen capacity and promote sustainability. For example, we recently issued a report on USAID’s efforts to strengthen local capacity, enhance and promote country ownership, increase sustainability, and implement risk mitigation procedures. While USAID officials in operating units

⁷The risk profile was developed in response to OMB Circular A-123, which mandates that Federal agencies institute a comprehensive enterprise risk management system.

worldwide were optimistic about the positive impact of these efforts, the Agency lacked a means to determine whether it had achieved progress toward its goals. Our ongoing audits will examine issues related to sustainability in USAID's programs for democracy and governance and for global health supply chain management.

RECONCILING INTERAGENCY PRIORITIES AND FUNCTIONS TO MORE EFFICIENTLY AND EFFECTIVELY ADVANCE U.S. FOREIGN ASSISTANCE

Implementing foreign assistance programs, projects, and operations that involve multiple U.S. Government agencies has presented significant challenges for USAID in achieving its core mission. In particular, coordination with the Department of State—which makes policy and funding decisions for operations related to political and security crises—has complicated USAID's project planning and execution. Despite broad interagency guidance on the Department of State's role in politically sensitive environments, USAID employees are sometimes unclear on how best to manage additional layers of review, nimbly respond to changing priorities, address both U.S. diplomatic and development goals, and balance short- and long-term priorities.

The joint USAID-Department of State reform effort conducted in 2017 demonstrated the complexity in aligning complementary yet distinct missions and underscored USAID's persistent challenge in implementing programs, projects, and operations that involve other U.S. Government agencies.⁸ Our point-in-time review of the effort highlighted uncertainty about the joint reform's direction and end goals, and noted that disagreement and limited transparency on decisions related to the consolidation of functions and services led to questions about what the reform effort had achieved. USAID staff also voiced concerns related to the Agency's separate reform plan, including a lack of transparency and inclusivity in its development. Since then—amid leadership turnover at the State Department and ambiguity on the future of joint redesign efforts—USAID forged ahead with its independent transformation initiative. In August 2018, USAID outlined its proposed plans to Congress through nine congressional notifications—some of which have since been cleared.

The U.S. Government's Haiti reconstruction efforts and the international Ebola response foreshadowed USAID's joint reform challenges. USAID was largely responsible for implementing State Department commitments to the Haitian Government for post-earthquake reconstruction, including a project to provide sustainable electricity services. However, USAID/Haiti lacked the staff needed to plan for and monitor efforts to meet both the State Department's priority for generating reliable electricity for an industrial park and USAID's broader development goal to expand modern electricity service to Haitians. When State Department assumptions about the Haitian Government's appetite for energy sector reform and commercial demand for electricity did not materialize, USAID/Haiti had to shift its long-term strategy for the power plant from government to private management and reduce its expansion goals. Ultimately, USAID's project did not meet its modernization and expansion goals, and the power plant will continue to rely on U.S. Government support until it can be transferred to another operator.

The international response to the 2014 Ebola virus outbreak in West Africa, which called for an unprecedented level of coordination for USAID, also demonstrated interagency challenges that affected operational effectiveness. While USAID had previously responded to public health crises of international concern, it continued to operate without a policy framework to launch a rapid and coordinated response to the Ebola outbreak, and responders were left to re-create processes for controlling the virus.

USAID has been responsive to our recommendations to improve interagency coordination. For example, USAID agreed to formalize its plan to conclude the Haiti power plant project and to address staffing concerns that undercut project monitoring and implementation. With regard to responding to public health emergencies of international concern, USAID reports that it is working with other U.S. agencies to identify and regularly test roles, capabilities, and responsibilities; agreed to direct the implementation of a strategy for communicating and coordinating with other responders; and committed to incorporating handover procedures for members of rotating response teams. In addition, USAID and the Centers for Disease Control and Prevention issued a joint statement to their staff encouraging work relationships that deepen teamwork and collaboration.

To help reconcile their respective priorities, USAID and the State Department established in May 2018 the Stabilization Assistance Review (SAR), which provides

⁸OMB Memorandum M-17-22 required executive branch agencies, including USAID and the Department of State, to submit reform plans and workforce plans to OMB by September 2017.

guidelines and best practices to optimize U.S. foreign assistance and advance stabilization efforts in conflict-affected areas. At the direction of the National Security Council, USAID and the Departments of State and Defense are working together to implement SAR recommendations and apply SAR in priority countries. While the agencies emphasized their commitment to institutionalize learning, evaluation, and accountability, closer coordination will require shifts in policies, process, and culture. As GAO reported in September 2018, U.S. agencies still needed to formally document their agreement, roles, and responsibilities to enhance coordination and reduce the potential for duplication, overlap, and fragmentation.⁹

According to USAID officials, the Agency and the State Department are also leading an interagency policy research initiative to inform U.S. assistance to fragile countries. Recommendations coming out of the initiative are expected to help coordinate assistance to advance prevention goals. Further, USAID encouraged staff to attend Department of State national security courses to build collaboration and knowledge across the interagency foreign affairs community. In August 2018, USAID announced an in-house course to train staff in techniques and best practices for interagency communication, policy development, and decisionmaking.

USAID is also moving ahead on proposed structural changes announced in its August 2018 transformation initiative. Among these, USAID proposed a Bureau for Policy, Resources, and Performance that includes (1) an Office of Development Policy to advance USAID's development policy leadership and coherence and (2) an Office of Bilateral and Multilateral Engagement to set Agency policy and standards, identify best practices, support Agency engagement with donors, and identify and create needed functions for Agency-wide coordination and oversight of multilateral organizations.

USAID's many actions have the potential to improve interagency coordination. However, fully implementing these actions will be an ongoing challenge for USAID, particularly in areas where the authority to act is outside its purview.

We continue to monitor USAID's efforts to improve interagency coordination. For example, we recently issued a report on USAID's Power Africa initiative, which brought together diverse U.S. agencies to collaborate and share expertise on existing and new efforts in the energy sector while capitalizing on agencies' comparative advantages and minimizing duplication. However, by expanding rapidly—extending to all of sub-Saharan Africa and tripling its goals—Power Africa increased its exposure to various risks, and the USAID Coordinator's Office had not fully implemented a portfolio-wide program to manage the risks.

ADDRESSING VULNERABILITIES IN FINANCIAL AND INFORMATION MANAGEMENT

Meeting the Federal Government's strict financial and information management requirements has been a governmentwide challenge. While USAID has made notable progress in addressing these requirements, it continues to work to reconcile its financial statements and strengthen its awards management.

Reconciling Intragovernmental Transactions. To provide accountability and transparency in their transactions with one another, Federal agencies (referred to as "trading partners") must reconcile any accounting differences. These differences can occur if trading partners use different accounting periods or methodologies for classifying and reporting transactions. The Department of Treasury reported that as of September 30, 2017, USAID had \$488 million in unreconciled transactions with its trading partners. According to Treasury's scorecard—used to track and rank each agency by its contribution to the Government's unreconciled differences—USAID was the 19th largest contributor (out of 140 agencies) at the end of June 2018, with differences of \$377 million. USAID's ongoing efforts to improve its reconciliation process and eliminate differences are likely to resolve timing differences. However, other differences, such as those caused by accounting errors, require additional attention.

Reconciling the Fund Balance With Treasury Account. USAID's financial statements for fiscal years 2017 and 2016 had a material weakness related to the Agency's Fund Balance With Treasury (FBWT) reconciliations. A material weakness indicates that a material misstatement of the Agency's financial statements may not be prevented, or detected and corrected, on a timely basis. In the past, USAID did not reconcile its FBWT account with Treasury's fund balance each month, or promptly research and resolve any identified differences. Instead, USAID adjusted its FBWT account to agree with Treasury's fund balance. While USAID has made progress in reducing the unreconciled amount, large unreconciled differences with Treasury re-

⁹"U.S. Agencies Have Coordinated Stabilization Efforts but Need to Document Their Agreement" (GAO-18-654), September 27, 2018.

main. As of September 30, 2017, the net difference between USAID's general ledger and the amount in Treasury's records was approximately \$214 million, of which \$83 million was due to outstanding unreconciled items and \$131 million was unexplained. This difference accumulated because of ongoing problems with a legacy system and data migration, and the continued lack of an integrated system to control reconciliations performed by USAID missions. USAID management continues to work to resolve this issue.

Improving Award Management. Full and open competition is required when awarding U.S. Government contracts, except in unusual and compellingly urgent circumstances or when other qualified sources are lacking. For grants and cooperative agreements, USAID encourages competition to identify and fund programs that best achieve Agency objectives. Under certain circumstances, eligibility to bid may be restricted to a particular type of organization or other limitation, typically for sole-source awards, as long as a justification for using sole-source awards is fully documented and approved by appropriate authorities. However, a USAID contractor operating in Syria had not adequately documented justification for 36 of 41 sole-source subawards it made—leading us to question \$5.6 million in costs. USAID's Office of Acquisition and Assistance agreed that documentation was lacking and that the Agency should have held the contractor accountable for complying with Agency policy. Although the Agency determined the questioned costs were not allowable, it did not plan to collect these costs from the contractor because USAID had approved the awards. The Agency cited factors— primarily violence in the region—that prevented exploring other options for competition.

In addition, we have made a total of 3,365 recommendations in more than 400 performance and financial audit reports issued over the past decade that concern implementer underperformance and inadequate awards management. USAID's reliance on awards to implement its programs around the world— approximately \$17.6 billion annually—demands effective awards management to hold implementers accountable for achieving program objectives.

USAID's primary information technology challenge relates to complying with the Federal Information Technology Acquisition Reform Act (FITARA)—enacted in December 2014 to reform and streamline the U.S. Government's information technology acquisitions, including strengthening chief information officers' (CIO) accountability for their agencies' IT costs, schedules, performance, and security. USAID did not comply with several FITARA requirements, such as not having the CIO report directly to the Agency head and not providing the CIO adequate oversight and decision authority over budget execution activities related to the use of IT resources.

We are following USAID's efforts to reconcile intragovernmental transactions through our annual audits of USAID's financial statements,¹⁰ as well as its progress in complying with FITARA requirements. We are also conducting an audit to assess the Agency's acquisition and assistance processes. Specifically, we are assessing how the Agency manages its awards to implementers, and its use of common management tools. In addition, we will be assessing USAID's stewardship of expired and canceled awards.

CONTINUED OIG OVERSIGHT

In response to the subcommittee's request for a brief summary of our fiscal year 2020 budget request, we submit the following. For the past 2 years, Congress has provided funding beyond OIG's request. We appreciate Congress' recognition—through its directed oversight support and resources rendered through the appropriations process—of the value we bring to the effectiveness of foreign assistance and humanitarian assistance programs and to American taxpayers.

Our fiscal year 2018 audit and investigative returns amounted to approximately eight times the cost of our operating budget. In addition to these financial returns, our recommendations have triggered foundational changes in policy and programming around global health and humanitarian assistance, agency procurements, and engagement with public international organizations. Your funding, coupled with our internal transformation and realignment efforts, has advanced the standing and impact of our work.

To provide robust oversight of USAID and the other agencies we oversee, we requested \$75.5 million for fiscal year 2020—\$1.1 million less than we received in 2019, but \$4 million or 5 percent more than that proposed in the President's budget.

¹⁰The Chief Financial Officers Act of 1990, as amended by the Federal Financial Management Act of 1994 (Title IV of the Government Management Reform Act of 1994, Public Law 103-356), requires an audit of USAID's annual financial statements.

The additional 5 percent would enable us to meet our operational and staffing needs for identifying and reducing risks of fraud, waste, and abuse. Specifically, we would be able to continue to conduct performance audits and investigations needed to effect real change in foreign assistance, realize substantial recoveries and cost savings, and maintain maximum transparency and accountability.

My office remains committed to ensuring that USAID and the other foreign assistance entities we oversee prudently use every dollar they receive. Your support, oversight, and engagement—along with our revised strategic approach to our work—are critical to carrying out our mission, especially in light of the high-risk and challenging environments that foreign assistance programs operate in. Thank you again for your support. We remain committed to meeting or exceeding your high expectations.



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548Comptroller General
of the United States

April 4, 2019

Ambassador Mark Green
 Administrator
 U.S. Agency for International Development
 1300 Pennsylvania Avenue, NW
 Washington, DC 20523

Priority Open Recommendations: U.S. Agency for International Development

Dear Ambassador Green:

The purpose of this letter is to provide an update on the overall status of the U.S. Agency for International Development's (USAID) implementation of GAO's recommendations and to call your personal attention to open recommendations that should be given high priority.¹ In November 2018, we reported on a government-wide basis that 77 percent of our recommendations made in fiscal year 2014 had been closed as implemented.² USAID's recommendation implementation rate for the same time frame was 85 percent. As of March 2019, USAID had 15 open recommendations. Fully implementing these open recommendations could significantly improve USAID's operations.

Since our February 2018 letter, USAID has implemented three of our eight open priority recommendations. These three recommendations stemmed from our work reviewing U.S. humanitarian assistance programs in Syria. We believe these efforts have improved USAID's financial oversight of U.S. humanitarian assistance programs in Syria and mitigated the risk of fraud by third-party monitoring organizations.

USAID has five open priority recommendations remaining from those we identified in our February 2018 letter. (See the enclosure.) We ask your continued attention on these remaining recommendations. We are not adding any new priority recommendations this year.

USAID's five open priority recommendations fall into the following major area.

Management and Oversight of Food Aid Projects: Three of the five recommendations are from March 2014 and involve the prepositioning of food aid that, when implemented, could help USAID meet its goal of reducing delivery time frames in a cost-effective manner. For example, USAID needs to complete its development of a prepositioning tracking system, which would enable USAID to monitor and assess costs associated with prepositioned food aid shipments. USAID concurred with these three recommendations and reported that it is developing a prepositioning tracking system that will address all three.

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or fragmentation, overlap, or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2018*, GAO-19-1SP (Washington, D.C.: November 2018).

The other two open priority recommendations, from March 2017, could help enhance oversight of partners' costs associated with implementing or supporting development and emergency food aid. USAID concurred with these recommendations. It reported that it has conducted two financial reviews and added a performance reporting requirement to its development award template. However, USAID still needs to collect complete and consistent monitoring data and implement ongoing, targeted financial reviews of development and emergency food aid projects.

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In March, we also issued our biennial update to our high-risk program, which identifies government operations with greater vulnerability to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.³ Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

Several government-wide high-risk areas have direct implications for USAID and its operations, including (1) enhancing the government-wide security clearance process, (2) ensuring the cybersecurity of the nation, (3) improving management of information technology acquisitions and operations, and (4) better managing federal real property. We urge your attention to the government-wide high-risk issues as they relate to USAID. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including within USAID.

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees; the Committees on Appropriations, the Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, the Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate USAID's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Jason Bair, Acting Director, International Affairs and Trade, at bairj@gao.gov or (202) 512-6881. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 15 open recommendations. Thank you for your attention to these matters.

Sincerely yours,



Gene L. D'Addato
Comptroller General
of the United States

Enclosure

³GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, GAO-19-157SP (Washington, D.C.: March 2019).

Enclosure

Priority Open Recommendations to the U.S. Agency for International Development (USAID)

Management and Oversight of Food Aid Projects

International Food Aid: Prepositioning Speeds Delivery of Emergency Aid, but Additional Monitoring of Time Frames and Costs Is Needed. GAO-14-277. Washington, D.C.: March 5, 2014.

Recommendation: To strengthen USAID's ability to help ensure that its food aid prepositioning program meets the goal of reducing delivery time frames in a cost-effective manner, the USAID Administrator should systematically collect, and ensure the reliability and validity of, data on delivery time frames for all emergency food aid shipments, including prepositioned food aid shipments.

Actions Needed: USAID concurred with this recommendation. Because its initial efforts to develop a prepositioning tracking program did not lead to a viable program, USAID said it is focusing on developing a system that incorporates commercial platforms. To implement this recommendation, USAID needs to complete its development of a prepositioning tracking system.

Recommendation: To strengthen USAID's ability to help ensure that its food aid prepositioning program meets the goal of reducing delivery time frames in a cost-effective manner, the USAID Administrator should systematically monitor and assess data on delivery time frames for prepositioned food aid shipments.

Actions Needed: USAID concurred with this recommendation. In 2017, USAID noted that the prepositioning tracking system under development would monitor and assess data on delivery time frames for prepositioned food aid shipments. However, USAID has yet to complete its development of a prepositioning tracking system.

Recommendation: To strengthen USAID's ability to help ensure that its food aid prepositioning program meets the goal of reducing delivery time frames in a cost-effective manner, the USAID Administrator should systematically monitor and assess costs associated with commodity procurement, shipping, and storage for prepositioned food aid shipments.

Actions Needed: USAID concurred with this recommendation. In 2017, USAID noted that the prepositioning tracking system under development would monitor and assess costs associated with commodity procurement, shipping, and storage for prepositioned food aid shipments. However, USAID has yet to complete its development of a prepositioning tracking system.

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International Food Assistance: USAID Has Controls for Implementation and Support Costs but Should Strengthen Financial Oversight. GAO-17-224. Washington, D.C.: March 9, 2017.

Recommendation: To enhance USAID's financial oversight of implementing partners' spending to implement and support Title II development and emergency projects, the USAID Administrator should develop, document, and implement a process for periodically conducting systematic, targeted financial reviews of Title II development and emergency projects. Such reviews should include efforts to verify that actual costs incurred for these projects align with planned budgets.

Actions Needed: USAID concurred with this recommendation. Although officials told us that USAID conducted two financial reviews of Title II development and emergency projects in 2018, USAID needs to implement a process for periodically conducting these reviews to fully implement this recommendation.

Recommendation: To enhance USAID's financial oversight of implementing partners' spending to implement and support Title II development and emergency projects, the USAID Administrator should take steps to ensure that it collects complete and consistent monitoring data from implementing partners for Title II development and emergency projects on the use of 202(e) funding for cash transfers, food vouchers, and local and regional procurement as well as data on the use of Title II funding for internal transportation, storage, and handling (ITSH) costs, in accordance with established requirements.

Actions Needed: USAID concurred with this recommendation. In response, USAID informed us that it had added a performance reporting requirement to its Food for Peace development award template, and also developed a new World Food Program emergency award template with reporting requirements for monitoring data on cash transfers, food vouchers, and local and regional procurement activities. However, USAID still needs to provide evidence that it collects complete and consistent monitoring data from implementing partners for Title II projects, in accordance with established requirements.

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