

A YEAR INTO THE PANDEMIC: THE STATE OF INTERNATIONAL DEVELOPMENT

HEARING BEFORE THE SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT, INTERNATIONAL ORGANIZATIONS AND GLOBAL CORPORATE SO- CIAL IMPACT OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTEENTH CONGRESS

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A YEAR INTO THE PANDEMIC: THE STATE OF INTERNATIONAL DEVELOPMENT

Wednesday, March 10, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT,
INTERNATIONAL ORGANIZATIONS AND GLOBAL
CORPORATE SOCIAL IMPACT,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in room 2172, Rayburn House Office Building, Hon. Joaquin Castro (chairman of the subcommittee) presiding.

Mr. CASTRO [presiding]. The Subcommittee on International Development, International Organizations and Global Corporate Social Impact will come to order.

Good morning, everyone.

Two things first. We have members that are coming back from a vote on a motion to adjourn. And also, we will try to raise the volume a little bit so we can hear the folks off the computer a little bit better.

Thank you to our witnesses for being here today for our hearing entitled, “A Year into the Pandemic: The State of International Development.”

Without objection, the chair is authorized to declare a recess of the committee at any point, and all members will have 5 days to submit statements, extraneous material, and questions for the record, subject to the length limitation in the rules. To insert something into the record, please have your staff email the document to the previously mentioned address or contact our subcommittee staff.

As a reminder to members, staff, and all others physically present in the room, per recent guidance from the Office of the Attending Physician, masks must be worn at all times during today’s hearing, although sometimes we take them off when we are speaking, and then, put them back on. Please also sanitize your seating area. The chair views these measures as a safety issue, and therefore, an important matter of order and decorum for this proceeding.

As a reminder to members joining remotely, please keep your video function on at all times, even when you are not recognized by the chair. Members are responsible for muting and unmuting themselves, and please remember to mute yourself after you finish speaking. Consistent with H.Res. 8 and the accompanying regulations, staff will only mute members and witnesses, as appropriate, when they are not under recognition to eliminate background noise.

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

Thank you all for joining us today for this subcommittee's first hearing. I would like to thank Ranking Member Malliotakis and welcome all our subcommittee members, particularly members who are new to the Foreign Affairs Committee and to Congress. Our work will benefit from your unique perspectives and important contributions.

It has been 1 year since the COVID-19 pandemic changed our lives. Since then, we have all seen the world, and our standing in it, disrupted in ways we could hardly once imagine. The pandemic has created new challenges and exposed old weaknesses in America's capabilities abroad.

Our infrastructure for international development has been no exception to that. The United States contributions to global development, through USAID, the State Department, and our support for international organizations, such as the United Nations, as well as through the private sector, civil society, and the generosity of individual Americans, have all done incalculable good around the world. Now, however, these programs and institutions find themselves at a turning point. This hearing will serve to assess the damage, to identify developmental programs that may be at particular risk, and to chart a path toward rebuilding our Nation's development capacity.

As we begin to see the end of the pandemic in sight, we expect some of our capacity to bounce back naturally, as our people return to work in person, both in Washington and around the world. However, we must also identify areas in which the damage the pandemic caused threatens to be permanent, and then, work to direct resources toward rebuilding more resilient development systems that can survive the known and unknown crises to come.

This task is more important than ever. Rebuilding from COVID may well be as difficult and challenging as defeating the virus itself. Global poverty has risen for the first time in decades, and the pandemic's economic impact may last years in nations already suffering from high levels of inequality, instability, and underdevelopment.

Our government's efforts to foster development must address not just the direct impacts of the pandemic, but its secondary and even tertiary effects. Congress has already taken an important first step. Today, we will pass the American Rescue Plan Act, a bill that will bring much-needed relief to the American people. The bill also includes important funding for development priorities that I and this committee have been calling for.

That includes, for example, almost \$10 billion for health programs, disaster relief, economic support, humanitarian assistance, multilateral assistance, and The Global Fund, an important international organization that has led the fight against HIV/AIDS, tuberculosis, and now, COVID-19. This hearing will inform our subcommittee's oversight over these programs.

It will also identify the long-term impacts of a pandemic, which I believe our Nation must lead in addressing. Early child development is one clear example of an issue that will have long-term consequences if we do not address it now. We know that the acute food insecurity faced by many children today will have a lifelong impact. Schools for nearly 170 million children have been closed for a year.

Millions of children will never return to school, and most of them will be girls.

The impact of this pandemic so early in the lives of millions at home and around the world will affect health, education, and economic incomes for their entire lives, unless action is taken now. These impacts will be borne by entire societies and, indeed, by the world.

Our commitment to international development has always been bipartisan, particularly in Congress, where we successfully resisted cuts for the last 4 years. This bipartisanship will be essential for us to meet the challenges of this important moment.

If nothing else, COVID-19 has made clear that what happens over there affects us over here. Weak health care systems or poverty and instability that fuel extremism can all too easily reach our shores.

With these new challenges ahead of us, USAID must be willing to innovate and adapt to the very changed world we now inhabit. I have every faith that, with the proper resources and support, they will be up to the task.

I solicit the courage of America's international development work force that is in the field every single day. They are a critically important part of advancing our national interests and defending our national security, serving their country often in remote locations and under difficult circumstances.

Our challenge now is not only to defeat the pandemic everywhere, but also redouble our efforts to battle humanity's shared enemies—poverty, hunger, and disease—in partnership with peoples from around the world.

So, there is a lot of ground to cover this morning, and I look forward to hearing from each of our distinguished witnesses.

But, before that, I would like to turn it over to our Ranking Member Malliotakis for her opening remarks.

Ms. MALLIOTAKIS. Thank you, Chairman Castro. It is an honor to serve as ranking member of this subcommittee. I look forward to working with you and the rest of the committee members to conduct important oversight of our development programs and the United States' engagement in international organizations.

Over 2.5 million people around the world have died as a result of the COVID-19 pandemic. That includes over 500,000 Americans. The pandemic has devastated communities and families, including many in my district. It has also had a crippling effect on food security, education systems, and global supply chains.

The creation of this subcommittee comes at a pivotal time. To date, the United States has given \$3.6 billion to help control the spread and mitigate the impacts of COVID-19, and there is another \$10 billion on the way through the American Rescue Plan.

Global efforts to stop the spread of COVID-19 make us safer here at home, especially as variants begin to emerge. We must continue to invest in global health security and ensure other countries can detect and respond to global health threats before outbreaks become a pandemic and reach our shores.

However, Americans here at home are struggling to pay their bills and feed their families. There is justified skepticism about our international spending with the immense needs here at home. We

have an obligation to conduct rigorous oversight of U.S. foreign assistance and development programs. Every dollar of our aid must be targeted, strategic, and effective.

Unfortunately, the House Foreign Affairs Committee did not have the opportunity to mark up and debate the \$10 billion foreign affairs title in the American Rescue Plan. During the Rules Committee markup, I offered a common-sense amendment to transfer funding from The Global Health Fund to ensure vaccines are available for all our diplomats and developmental professionals. Effective development requires getting out in the field and monitoring programs. We simply cannot expect our diplomatic service to do their jobs overseas without urgent access to vaccines. I would appreciate hearing from our witnesses what more we should be doing to ensure the safety of our work force overseas.

I am also particularly concerned about the impact of this pandemic on developing economies and international trade. The International Monetary Fund declared this crisis the worst economic fallout since the Great Depression. It is estimated that the pandemic has cost the global economy \$11 trillion and global trade has declined 9.2 percent.

Latin America and the Caribbean will experience the worst economic contraction in the region's history. These contractions not only hurt local communities, but they also impact United States businesses looking to invest in emerging markets. The world's fastest growing companies are located in the global south, and many of them were hard hit by this pandemic.

USAID has done critical work over the last two decades to promote economic prosperity, build the capacity of trade partners, and create the environment for U.S. private sector investment. The COVID-19 pandemic threatens to undermine these gains, as backsliding and food security, health and economic systems, and governance ultimately hurts the investment climate and acts to commercial markets. I would appreciate hearing from the witnesses on how our development programs can address these issues.

Ultimately, foreign aid alone is not going to solve development challenges. Our development programs must be designed as partnerships, with the goal of creating stable, self-reliance communities that do not need foreign aid. That is why I support the important role of the U.S. private sector in building infrastructure, creating jobs, and advancing sustainable solutions to development challenges, both here and abroad.

Finally, the U.S. is not the only country offering aid. The Chinese Communist Party, who actively sought to undermine early investigations into the COVID-19 outbreak, is leveraging this pandemic to project their power and influence. Through shipments of the Sinopharm vaccine, faulty PPE, and by holding the purse strings of countries' debt relief, the CCP is looking to expand their Belt and Road Initiative, and ultimately, their influence in foreign capitals.

That is why USAID must ensure that this aid and our development programs are clearly branded as a gift from the American people. The United States is the most generous nation in the world, but we have a duty to the American taxpayer to ensure that our

aid is targeted, strategic, and maximizing the positive impacts of every dollar we spend.

Again, I look forward to listening to the witnesses, and I thank them for being here.

Mr. CASTRO. Thank you, Ranking Member Malliotakis.

I will now introduce our distinguished witnesses for today. Our witnesses for today's hearing are Dr. Rajiv Shah, the president of the Rockefeller Foundation, and the former Administrator for the U.S. Agency for International Development, and Bonnie Glick, senior advisor at the Center for Strategic and International Studies, and fellow at the Harvard Kennedy School, who is also the former Deputy Administrator and Chief Operating Officer of the U.S. Agency for International Development.

I will now recognize each witness for 5 minutes. And without objection, your prepared written statements will be made part of the record.

And I will first call on Dr. Shah for his testimony. I think perhaps you are on mute, Dr. Shah.

STATEMENT OF DR. RAJIV J. SHAH, PRESIDENT, ROCKEFELLER FOUNDATION, AND FORMER ADMINISTRATOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT,

Dr. SHAH. Sorry, it seems I do that all day long.

Thank you, Chairman Castro, for having me, and thank you, Ranking Member Malliotakis, for your opening statement and for having me as well.

I see so many members of this subcommittee with whom I have had the chance to work when I served at USAID as the Administrator there for nearly 6 years. And I am thrilled to report that, during that period of time, I experienced an exceptional level of bipartisan support for the basic idea that American leadership around the world, particularly on disease, on hunger, and on creating opportunity for the world's most vulnerable people, became an area of strong bipartisan consensus, and I hope that tradition continues forward.

American leadership to tackle the crisis that had been identified by both the chairman and the ranking member in their opening statements will be absolutely critical; in fact, more needed now than ever, as we look to the future.

When I left USAID, I served in the private sector for a while, and now, I run the Rockefeller Foundation, which has, for more than 100 years worked to build public-private partnerships and leverage science, technology, and innovation to lift up those who are vulnerable. And I think we have learned through those efforts that, in fact, American leadership is indispensable on the global stage when it comes to tackling the challenges in front of us. And I would like to highlight three of those challenges that I believe warrant urgent leadership from the United States and from its foreign aid and assistance institutions.

The first, of course, is COVID. And while more than a half a million Americans have, tragically, been lost to this crisis, we know that millions have died around the world, and we know that, frankly, the crisis will continue for a much longer period of time in de-

veloping and emerging nations than in the United States, if current trends around vaccination, access to therapeutics, and the ability to be safe hold.

We know that, when you look around the world, we will expect to have large amounts of viral replication and viral presence and prevalence, even as the United States, hopefully sometime this year, achieves real herd immunity and starts to put the pandemic behind us. And that presents two major threats to the American people and the American economy.

First, estimates have ranged that we will lose \$3 to \$9 trillion in economic value from disrupted supply chains and the presence of the COVID crisis around the world, even when the United States economy and society recover.

But, second, and perhaps much more worrying, is that new variants, which are almost certain to become a reality, have no ability to observe boundaries and borders. New variants already from the U.K. and South Africa present real risks and threats in the United States, and we expect that, especially as viral replication is so much more prominent, four to eight times more likely in the developing and emerging world than in the United States, we can expect that those new variants can present a real risk to the nature of the U.S. economic recovery and to the health of Americans that would like to put COVID-19 behind us.

For that reason, it is absolutely urgent that the world come up with a solution to the funding and operational gaps that are preventing a full-on effort to tackle COVID-19 in emerging economies and developing countries. In particular, the ACT Accelerator, which is the representation of global needs when it comes to fighting the pandemic, has highlighted a funding gap this year alone of \$23 billion that still exists in order to help the world mount a full recovery.

The United States has been generous already, assuming the \$4 billion for COVAX and the \$10 billion that were referenced earlier go through and become the reality of law in the United States. However, the gap still remains. And in order for the U.S. to lead the world in tackling that gap, we will likely both have to do more and bring together multilateral partners through the World Bank, the International Monetary Fund, and other institutions where we can use our voice and our leadership to really solve this funding gap, and ensure that everyone around the world has access to safe and reliable and effective vaccines, therapeutics, and diagnostics, as that will be critical to tackling COVID-19 around the world.

I look forward to sharing some specific thoughts on how to do that, but let me just say, from my own experience, I am convinced that American leadership on that specific topic will be the only way the world tackles the funding gap that exists and the only way the world can come together to access the supplies, the tools, and the technologies needed to beat COVID-19 across the planet.

Second, we face a continued hunger pandemic. We have seen the number of people hungry around the world go up. Acute hunger is now estimated to be 270 million. I saw firsthand during famines and crises and droughts how hunger, in particular, leads to migration, instability, and social breakdown in ways that present real threats to the United States and to the global community. Hunger

creates instability, and hunger creates massive amounts of unnecessary suffering.

America has, from the inception of its foreign aid work, been the world's undisputed leader in fighting hunger, and that will have to continue. That will mean more resources for the World Food Program, but it will also mean renewed support for programs like Feed the Future and efforts to have science and enterprise-led agricultural development be a major component of America's leadership in the era going forward. I hope that we can reinvigorate those efforts and reinvest in those enterprises and those projects, because, as was mentioned previously, they have been proven to work. We know how to measure the results of those efforts, and we know that they sustainably and reliably help lift up communities.

Finally, there will be the need for much greater assistance in a coordinated global economic recovery. It is true that developing countries and emerging economies have been hit hard by the pandemic, and it is also true that, while we have done 20 to 30 percent of GDP in fiscal and monetary responses across wealthier nations, emerging markets have done 6 percent and developing countries have done less than 2 percent in order to support a real economic recovery. That is simply not enough, and it is not done in a coordinated manner. And it will not allow for a global economic recovery to be full and inclusive. So, American leadership on that topic, particularly through partners like the World Bank and the International Monetary Fund, will be critical to success.

I will close by just saying I have had the chance to speak to Americans in churches across the country, at universities like Clemson and Rutgers, and food companies in Minneapolis. And I am always struck by the fact that most Americans think we do so much more in foreign aid than we do. The perception is we do 20 percent of our budget in foreign aid. The reality is we do 1 percent. And when we explain what we get as results, I am always amazed by how most American families have expressed even more support for stronger and more effective American foreign assistance to deal with the challenges we face. I think the time is now to make that real and to make it meaningful in the context of the COVID response.

Thank you.

[The prepared statement of Dr. Shah follows:]

As Prepared

**Written Testimony of Dr. Rajiv Shah
President of The Rockefeller Foundation**

**House Foreign Affairs Committee
Subcommittee on International Development, International
Organizations, and Global Corporate Social Impact**

**“A Year into the Pandemic: The State of International
Development”**

Wednesday, March 10, 2021

Chairman Castro, Ranking Member Malliotakis, and Members of the Subcommittee, thank you for the opportunity to speak with you today.

A little more than one year ago, the first American died of Covid-19. In the year since, the virus has killed more than 500,000 of our fellow citizens and millions more around the world. Beyond these tragic numbers, however, is additional foreboding data: nearly every essential indicator of human well-being has collapsed. In one year, Covid-19 has erased decades of progress in the fights against poverty, hunger, poor education, bad health, and gender inequality, leaving billions around the world farther behind.

As the pandemic enters its second year, America is at risk of a new variant prolonging this pandemic. To avoid that outcome, U.S. leadership is as critical as ever. On our own, with bilateral partners, and within multilateral institutions, the United States must lead massive, coordinated initiatives in the developing world. This is within our power – and the broad bipartisan tradition this Subcommittee has long embodied. I know we can meet this moment as we have so many others.

A More Vulnerable World

Today, the world is even more vulnerable to another wave in this pandemic, prolonging the health and economic crisis, than it was at the start of the Covid-19 pandemic.

People and countries around the world have been battered. Global extreme poverty will rise for the first time in over 20 years: the pandemic [pushed an additional 119 million to 124 million](#) people into extreme poverty last year, with the total expected to rise to as many as 163 million by the end of 2021. Similar setbacks are expected in efforts against child mortality, gender inequality, and hunger. For example, the World

As Prepared

Food Programme [estimates 270 million people](#) face acute food insecurity today, an 82% increase from before the pandemic outbreak.

Thus far, the American and global responses to the pandemic – and this damage – have been insufficient. For example:

- The Access to COVID-19 Tools (ACT) Accelerator, which the World Health Organization and leading global public health entities established to pool resources and speed distribution of testing, treatment, and vaccine advances, is [more than \\$22 billion](#) short of its budget this year – despite new commitments from President Biden’s administration. And COVAX, the ACT-Accelerator’s vaccine initiative, is aiming too low, currently trying to achieve only 20 percent vaccinations in most countries. That level will not stop new variants from developing – keeping us all at risk.
- Meanwhile, developed economies [have announced](#) fiscal commitments equivalent of 24% of GDP to stimulate growth thus far; but low-income countries have only been able to muster a little more than 2%. Multinational institutions and their shareholders have yet to fill the shortfall: although, the World Bank [committed \\$160 billion](#) last year to address Covid-19, that boost was slower and smaller than what it did after the 2008 financial crisis.

As a result, the world faces extraordinary global challenges even as it is increasingly divided in two realities, with one set of countries on the verge of moving beyond the pandemic and the other still mired in it. Advanced economies, with greater flexibility for fiscal and monetary measures and access to vaccines, can look at a return to something near normal within the next year. Meanwhile, the pandemic’s tail will be far longer in developing countries, where fiscal limits slow recoveries and vaccine delays slow sufficient immunity to Covid-19.

New Risks

Unfortunately, even as much of the world has the vaccines to overcome this disease, the risks of several new crises are growing. The risk of new variant – and prolonged extension of this pandemic – is higher than many people think, but that is only one of a myriad of rising challenges.

We know people become more vulnerable to Covid-19 and other diseases when they’re hungrier, poorer and less able to access health care—the situation in many countries. As people become more susceptible to the virus or a new variant, the potential

costs of the inadequate vaccine response now grow higher. A recent study commissioned by the International Chamber of Commerce [found the global economy](#) could lose as much as \$9.2 trillion if developing economies are not given access to vaccines and support for vaccination programs.

Unfortunately, with so large a pool of vulnerable, under-vaccinated people around the world, the odds are extremely high – virtually 100 percent – that ongoing mutations will lead to variants that will be more transmissible, more deadly, and less responsive to existing vaccines and therapeutics, or a combination of these dangerous changes.

Americans have learned this year what damage variants like that, even originating thousands of miles from the United States, can do to our interests. Indeed, a vaccine-resistant variant that mutates in one under-vaccinated country threatens us all. A variant outbreak could waste all we've done in the last year: our health professionals' sacrifices, our researchers' miracle vaccines and treatments, and our taxpayers' and governments' investments to restart growth. And continued disease outbreaks could lead to shutdowns that stall our own economic recovery.

Of course, the risks this vulnerability poses to the United States are not just related to disease. Before the pandemic, developing economies represented a significant share of global and American economic growth, essential to trade and supply chains. If they remain stuck in the Covid-19 pandemic and stifled by lockdowns and low-growth, the U.S. economy will struggle to regain momentum – despite new fiscal and monetary stimulus. In addition, nations that struggle with these pandemics are more likely – over the long term – to pose security risks, either by falling apart or fighting wars that affect U.S. interests.

U.S.-Led Global Response

As generations of American leaders in both parties have understood, such risks will make the American people far less safe and secure. Today's leaders, must work bilaterally and multilaterally to lead an aggressive, coordinated response to beat the pandemic and enable an economic recovery in the developing world.

To start, the ACT-Accelerator must be fully funded and tasked with developing a multinational vaccination program. COVAX's 2021 funding targets are only sufficient to meet a target of 20 percent vaccinations in countries. The United States must encourage the WHO and its partners to do better than 20 percent. But we also must be conscientious of the difficulties in mass vaccination campaigns, some of which we are still managing

here in the United States. That's why in addition to investing in production, we must invest in the health workers and systems needed to get a dose from a delivery plane to where it can be delivered into someone's arm.

That may require more resources – economist Jeffrey Sachs suggests up to \$50 billion through 2022 – but it's a worthwhile investment that will protect the trillions we've spent on our own response and recovery. We'll need to be creative to fill this financing gap. For example, the United States and rest of the Group of 20 (G20) should continue to encourage the International Monetary Fund (IMF) to issue special drawing rights, known as SDRs, to help fill the shortfall and move quickly to ensure that the IMF has the requisite regulatory and resource support to do so.

In addition, even as the United States helps the world get vaccinated, we need to build systems to prevent future outbreaks from even becoming pandemics. The world will never feel safe enough until a multinational surveillance platform is in place to share real-time information about variants and new viruses and best practices for response.

Because better health starts with better nutrition, the United States also needs to help provide emergency food relief and reinvest in food systems to avoid the long tail of the food pandemic, which will extend the health pandemic.

And just as Congress contemplates creating infrastructure to help the U.S. economy rebound, the United States and the G20 should invest in job-rich green infrastructure in emerging and developing countries. Such growth would, according to the IMF, require \$2.5 trillion a year. That funding could be developed either via individual national contributions or multinational financing, including new or re-allocated SDRs to provide liquidity to low-income countries, both of which can be used to attract multiples of financing from the private sector.

New Era of U.S. Leadership.

The United States faces a choice between two futures. We can focus only on home: leaving too many abroad too far behind, the virus too many opportunities to mutate and spread, and the world too ill-equipped to deal with the next crisis. Or the United States can choose to help inoculate and make investments in low-income countries, to effectively end this pandemic and to make the world and the United States less vulnerable to those of the future.

As Prepared

For the past two decades, I've worked with Republicans and Democrats alike to vaccinate the world through GAVI, the Vaccine Alliance; to respond to crises in Haiti, Somalia, Afghanistan, and elsewhere; and to combat pandemics like Ebola and Covid-19. With even small investments, Americans have time and again made an enormous impact. The world is looking to the United States – and those on this Subcommittee – to do so again.

It is in America's interests for this Subcommittee, and all of us, to meet this moment. The United States can again remind ourselves and those abroad that we can come together and lead the world to a better, stronger, more stable future.

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Mr. CASTRO. Thank you. Thank you very much for your testimony.

And I think for our witnesses and the members that are online, at least a minute ago the online timer had gone out. So, we will try to help you stay on time from here.

But, also, let me go over now to Ms. Glick, and if you want to take a little extra time also, please feel free. We have only got two witnesses today, so we should be okay on time.

STATEMENT OF BONNIE GLICK, SENIOR ADVISOR, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES FELLOW, HARVARD KENNEDY SCHOOL OF GOVERNMENT, INSTITUTE OF POLITICS, AND FORMER DEPUTY ADMINISTRATOR AND CHIEF OPERATING OFFICER, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. GLICK. Thank you, Chairman Castro; thank you, Ranking Member Malliotakis, and members of the committee.

I will not speak a million miles an hour then, as I go forward.

Thank you all for the invitation to speak with the subcommittee today about some of the challenges facing USAID in the current environment that includes the COVID-19 pandemic and the global response to it.

I served as the Deputy USAID Administrator and Chief Operating Officer of the agency from January 2019 to November 2020. The remarks I make today are solely in my personal capacity.

Consistent bipartisan support for U.S. foreign assistance, regardless of the party in the White House or the majority party in the House or Senate, has been the hallmark of our foreign policy and one of the greatest examples of American generosity that we can point to overseas. The American people and their representatives understand that, even as we have domestic needs at home, our lengthy and historic generosity overseas is never in doubt.

That said, our fiscal well is not bottomless. Priorities change. Unforeseen crises erupt all the time and call for U.S. action. Yet, despite the merits of responding to these challenges, the urgency and the need for flexibility to respond are constrained as more and more of USAID's programmatic activities are scripted and predetermined.

Regardless of what else is discussed here today, the continued failure to address the harmful aspects of congressional earmarks would be insincere. And while others may focus on where the U.S. should be funding in the near future, I want to discuss key issues relating to how the U.S. should fund and implement these programs. This includes partnerships with new allied donors as well as with the private sector. It also includes the increased use of innovation and digital technologies to apply 21st century solutions to today's problems.

And while vaccine delivery to developing countries is clearly a health-related issue, the mechanism that underlies it is not, a secure and reliable supply chain with redundancy built into it. USAID has been lucky, since the earliest days of the President's Emergency Plan for AIDS Relief, or PEPFAR, in 2003, to have recognized the need to invest in robust and secure supply chain capabilities. From a U.S. national security perspective, we must ensure

that USAID and other government agencies focus on the safety and security of the global distribution of goods by moving to onshore, nearshore, and allied-shore our manufacturing and production basis.

Because what happens if we do not make these critical onshore, nearshore, and allied-shore moves? The People's Republic of China will fill the void. We have seen this time and again. Development is a key area of our strategic competition with the PRC. The U.S. needs a development agency equipped to win that competition, which requires a change in mindset at USAID and Congress' help to realize the agency's full potential.

USAID missions spend an enormous amount of time focused on how a single project can address multiple earmarks, thereby, allowing dollars generously funded by Congress to extend further. But this gymnastics exercise diverts attention from the big-picture funding opportunities, where USAID can be used as an effective and strategic tool to counter a resurgent China. USAID will turn 60 this year. I strongly recommend that USAID think bigger. Larger-scale projects in fewer countries may be the wave of the next 60 years.

And while USAID focuses on fewer, but larger projects, this is a perfect opportunity for burden-sharing with our allies and partners. It is important to discuss the expansion of our alliances. Given COVID and the trillions of dollars that the U.S. has taken on in debt for our own relief, it is important to embrace more and new donors.

We worked closely when I was at USAID, for example, with Israel, India, the United Arab Emirates, Kuwait, and others to broaden the tent of donor countries. We should continue in those efforts, particularly as countries like India move away from being aid recipients to being aid donors.

We should recognize and celebrate other donors' contributions. And in the wake of the Abraham Accords, we should certainly celebrate that donor countries like the UAE and Israel are now able to collaborate jointly on aid programs around the world. Fostering this kind of creativity and creative thinking, particularly by engaging with the private sector, will go a long way to making the Abraham Accords permanent and to maintaining a very warm peace.

Creative thinking through partnership with private industry and through the use of digital technology will also stretch scarce budget dollars more effectively and assist in job creation in parts of the world that were terribly impacted economically by COVID-19.

The non-health imperatives for development are clear. They include food insecurity, diminished livelihoods, increased out-migration, and uptick in violence against women, and others that we haven't even considered yet. USAID should focus its resources on where it can have the greatest impact and partner with allied countries when it makes more sense for them to be the primary donors. If we do not fund jointly with our allies, we risk ceding the table to China.

We have spent the entirety of the modern era as the most generous nation in the history of the world. It is a role that is uniquely American and should remain American.

Thank you very much, and I look forward to the opportunity to answer your questions.
[The prepared statement of Ms. Glick follows:]



**Statement before the House Foreign Affairs
Subcommittee on International Development, International
Organizations, and Global Corporate Social Impact**

***“A Year into the Pandemic: The State of
International Development.”***

A Testimony by:

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2172 Rayburn House Office Building & WebEx

Chairman Castro, Ranking Member Malliotakis, and distinguished members of the Subcommittee, thank you for the invitation to speak with you today about some of the challenges facing USAID and the international development community in the current environment that includes the COVID 19 pandemic and the global response to it. I served as the Deputy Administrator of USAID and Chief Operating Officer of the Agency from January 2019 to November 2020. The remarks I make are solely in my personal capacity. I want to congratulate the House Foreign Affairs Committee for recognizing the importance of international development and establishing this new Subcommittee. And I congratulate the Chair and Ranking Member on your leadership roles.

Consistent bipartisan support for US foreign assistance - regardless of the party in the White House or the majority party in the House or Senate - has been the hallmark of our foreign policy and one of the greatest examples of American generosity that we can point to overseas. The American people, and their representatives, understand that even as we address domestic needs at home our continued and historic generosity overseas is never in doubt.

That said, our fiscal well is not bottomless. And priorities change. Unforeseen crises erupt all the time and call for US action. Yet despite the merits of responding to these challenges, the fact of the matter is that the urgency and the need for flexibility to respond are constrained as more and more of USAID's programmatic activity is scripted and predetermined in advance - whether for specific countries or for targeted policy areas.

Regardless of what else is discussed here today, the continued failure to address the harmful aspects of Congressional earmarks - or directives as they are now called - would be insincere. Although Congressional directives may be well-intentioned, they often hamstring Agency leadership in Washington and in the field. The US foreign assistance apparatus should be more flexible to respond to emerging threats and crises overseas, not just in the humanitarian realm, but in the development space as well. Earmarks/Directives can limit USAID's ability to achieve US foreign policy and national security goals, and it is critical that USAID's activities be linked to overall national security.

While others may focus on where we should be funding in the near future, I want to address key issues related to how we fund and implement these programs as well as issues that may hamper those programs if not immediately addressed by Congress and the White House.

Six critical issues deserve attention

I want to focus on six key, non-health-related issues that are of critical importance to the US and our national security, to other nations and private sector donors, and to the beneficiaries of our generosity.

- Vaccine distribution into developing countries
- Countering China
- Lack of funding flexibility
- New Allies and donors
- USAID Transformation
- Better use of our implementing partners

1. Vaccines and distribution to developing countries

While vaccine delivery to developing countries is clearly a health-related issue, the mechanism that

underlies it is not - a secure and reliable supply chain with redundancy built into it. USAID has been lucky, since the earliest days of the President's Emergency Plan for AIDS Relief, or PEPFAR, in 2003 to have recognized the need to invest in robust and secure supply chain capabilities. From a US National Security perspective, we must also ensure that USAID and other Government agencies focus on the safety and security of the global distribution of goods by moving to on-shore, near-shore, and allied-shore our manufacturing and shipping bases.^{1 2} We need to continue to preserve and enhance the security of our global distribution systems, down to the last mile, whether it is for anti-retroviral medications for patients living with HIV or for COVID-19 vaccinations or malaria medications or other treatments. USAID's management of the most complex supply chain in the world must continue to be robust and cybersecure.

What happens if we don't secure these critical on-shore, near-shore, and allied-shore efforts?

The People's Republic of China will fill the void. We have seen this time and again. The Chinese Communist Party (CCP) remains USAID's and the US Government's biggest challenge to solving problems in developing countries as those countries progress along their journeys to self-reliance. Development is a key area of our strategic competition with the PRC. The United States needs a development agency equipped to win that competition, which requires a change in mindset at USAID, among US Ambassadors, at the State Department, and at the NSC. USAID will continue to benefit from Congress's help to realize the Agency's full potential.

2. Countering China through strategic funding

USAID is an important player in the national security leadership of the United States. We must combat the efforts undertaken by the People's Republic of China as voiced by President Xi Jinping, who late last year said the "grand trend" is that the "East is rising while the West is declining."³

Look at the facts. The United States and our foreign assistance programs have, for decades, followed the same model. USAID structures its 5-year Country Development Cooperation Strategies deliberately so that they are predictable, but they are simultaneously inflexible. Thinking about what the new landscape looks like is more important than ever. And budgets are more strained than ever.

Small-scale development initiatives that are driven, in many cases, by local USAID missions do not address the *strategic* imperative of taking a broader look at what the US funds. Take the example of a USAID program to provide bicycles in a sub-Saharan African country to help people get to work and to access distant markets. But who built the *roads* that the cyclists are riding on? It was not the United States. The same holds true for bridges, dams, airports, and telecommunications systems. USAID may be supporting local small businesses that are providing some construction parts or catering services to the construction teams, but the construction contracts are repeatedly awarded, especially through the World Bank, to Chinese companies, all of which are controlled by the Chinese Communist Party and/or the People's Liberation Army. Long after the bicycles have rusted and been discarded, the roads built by the PRC will remain and will be lauded as examples by the PRC to "demonstrate" friendship and solidarity. No one will remember the American bicycle contributions.

¹ <https://www.newsweek.com/why-does-5g-matter-developing-countries-opinion-1533346>

² <https://thehill.com/opinion/technology/528966-heres-what-we-cant-lose-in-usaids-transition-the-race-to-5g>

³ <https://www.nytimes.com/2021/03/03/world/asia/xi-china-congress.html>

To address this need, through the BUILD Act,⁴ Congress reconfigured parts of the national security landscape to compete more effectively with China. And while the establishment of the Development Finance Corporation as something new and distinct from the traditional Overseas Private Investment Corporation was appropriate, there was a great expectation that it would address many of the issues that had traditionally been in the purview of USAID - specifically the use of development finance tools to drive economic growth in developing countries.

We worked hard at USAID to build strong linkages between USAID and the DFC. Congressional oversight over the relationship between the two agencies is important. Ensuring that USAID missions remain a major source of deal flow is vital to guaranteeing the successful use of our country's development finance toolkit. USAID should play a role in all of the strategic decisions made around how developing countries can counter undue influence from the PRC. USAID's development tools should be applied to the governance around large-scale infrastructure. If developing country ministries determine that USAID does not or should not have a role to play in the application of transparency and governance, USAID missions in those countries should either enlist the support of other donors and civil society to demand transparency or USAID should consider curtailing US Government assistance in that country. The use of our foreign assistance should be linked directly to our national security goals. Countries that receive US assistance should not get a "pass" on proper, transparent contracting for infrastructure or other projects.

The US Government toolkit itself is broad, and this is where the example of the bicycle donation is illustrative. USAID can do much more than simply provide bicycles (or sewing machines or farming equipment) on a discrete basis. If USAID is empowered and funded to think bigger, then regional bureaus in Washington, jointly with field missions, can make larger scale investments that have broad regional impacts, rather than funding one-off projects that "answer the mail" on certain directives. This will require an expanded landscape for action, with fewer Congressional directives, in order for Mission Directors to focus on strategic undertakings, locally, regionally, etc. And by focusing on larger-scale, regional programs which serve both the purpose of economic growth and economic cooperation regionally, USAID, and through it the entire US Government, can have a greater impact on multiple countries' economic landscapes.

- World Health Organization

When the Trump Administration made the decision to leave the World Health Organization, there was consternation in the international donor community.⁵ However, there was no other time during which a US exit from a malfunctioning international organization could have more of an impact than during the pandemic itself. WHO was on a slow slog toward complete dysfunction - this was made manifest to the world during the initial COVID-19 outbreak, but it was obvious to global health practitioners and to people suffering from the Ebola outbreak in Eastern Congo, before COVID-19 hit the world stage.⁶ The WHO was broken.

⁴ https://www.dfc.gov/sites/default/files/2019-08/BILLS-115hr302_BUILDAct2018.pdf

⁵ <https://foreignpolicy.com/2020/05/29/trump-pulls-out-of-who-coronavirus-pandemic-global-health-covid-china-beijing-influence-international-institutions-global-health/>

⁶ <https://www.pbs.org/wgbh/frontline/article/what-the-failures-ebola-outbreak-teach-future/#:~:text=In%20June%202016%2C%20the%20World,resources%20to%20control%20the%20outbreak>

The focused attention by the Trump Administration to WHO's failings in Wuhan has hopefully gone a long way to reforming it. We can hope that with the US re-entry the WHO will live up to its original mandate of global health coordination, but reforms are desperately needed. The Biden Administration should continue to press for reform. WHO does not have to be all things health-related to all nations around the world, rather it should maintain the high-level coordinating function it was established to have. The Trump Administration forced some tough medicine onto the World Health Organization. A trimmed back WHO may be a better coordinating body than the current institution that is dispersed in 150 countries around the world and micro-focused on local health issues rather than focused on broad global concerns.

Let me add a word on the WHO and China. It is now clear that the WHO did not serve its mission of coordinating a global response to COVID-19 in the first months of the outbreak in Wuhan China.⁷ Falling to pressure from the CCP, the WHO did not do a thorough investigation of the outbreak and its delays, possibly imposed by the CCP, may have led to a more rapid spread of the disease worldwide and to avoidable deaths. A slimmed-down, better-functioning, true-to-mission WHO that is not beholden to the PRC or any government can be a benefit to global health, and it is my hope that we will get to that point in the Biden Administration and beyond.

- Section 889(a)(1)(B) of the 2019 NDAA

Sometimes well-meaning legislation has unintended consequences.

Actions related to countering Beijing's illicit use of technology to create back-door spying opportunities were one of the hallmarks of President Trump's foreign policy. One attempt to address this was codified in Section 889 of the FY2019 National Defense Authorization Act (NDAA). Section 889(a)(1)(A) prohibits the use by the federal government, as well as those receiving federal funds, from using various proscribed Chinese hardware - notably from Huawei and ZTE, but several others as well. This was relatively easy to achieve by substitution of other available phones, laptops, etc. But Section 889(a)(1)(B) - which deals with the internal IT platforms and services used by contractors, grantees, and others⁸ - has proven much more difficult to interpret and apply, especially in countries vital to US national interests where Chinese market penetration is approaching or at 100%.

USAID's facilities and contractors were able to comply, after much effort, with the August 2019 deadline for *domestic* compliance. But the law has been much more difficult to execute overseas by the August 2020 deadline, both by USAID missions as well as by its contractor implementing partners. USAID operates in many countries where the only internet service providers or cellular service providers are Huawei and ZTE. Without a waiver from the Director of National Intelligence, this would mean, effectively, that USAID would have to shut down operations in

⁷ <https://www.cnn.com/2021/02/14/health/who-mission-china-intl/index.html>

⁸ Section 889(a)(1) provides: "(A) procure or obtain or extend or renew a contract to procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or a critical technology as part of any system; or (B) enter into a contract (or extend or renew a contract) with an entity that uses any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or a critical technology as part of any system." See page 282 for full text of the Section 889 at <https://www.congress.gov/115/bills/hr/5515/BILLS-115hr5515enr.pdf>

countries like Egypt, or huge parts of sub-Saharan Africa, and many other parts of the world. When I was at USAID, we requested a waiver of this requirement from ODNI, and we got a two-year extension, but what happens when countries haven't been able to migrate off of Chinese systems by August 2022? Is the State Department using Section 889 to incentivize countries to reduce their dependence on Chinese technologies -- at risk of losing economic assistance from the United States? This is something for you in Congress to keep your eyes on.

In order to apply Section 889(a)(1)(B) as it was intended, we need to ensure that our USAID missions and implementing partners around the world are able to carry out their important work without risking the loss of funding. The sledgehammer approach of Section 889(a)(1)(B) was certainly a deliberate legislative decision, coordinated with the Trump Administration, to send a message that we were serious about protecting our domestic and our allies' technology landscapes from non-democratic technologies emanating out of the PRC. I often spoke with countries about the need to consider strongly their decisions as they related to a future rollout of 4G or 5G so as not to be dependent on systems provided by Huawei or ZTE.⁹

Through COVID-19, we have seen the need for robust digital capabilities for countries and individuals to operate often at the most basic level. Indeed, I'm testifying before you from my home and not from your committee's hearing room. If developing countries are going to proceed along their journeys to self-reliance, they need to be equipped with digital technologies that will allow them to grow economically, to compete in global markets, and to educate their girls and boys effectively. Using Chinese systems, controlled through the PRC's National Intelligence Law of 2017¹⁰, will hamper economic development and democracy.

To alleviate some of this pressure, under the limited authority granted in the NDAA, last year ODNI issued a series of two-year waivers to the Department of State and USAID which waived narrow aspects of Section 889(a)(1)(B).¹¹ However, the scope of the two waivers was not uniform, nor were the communications efforts by both State and USAID with their partners sufficient to eliminate the current state of confusion. For example, it is widely recognized that many proscribed Chinese companies have morphed into other names, spinoffs, or franchises. Absent clear communication with USAID's implementing partners, how will they know which entities to avoid? Is the list growing? Similarly, Congress, working with the Executive branch, should create a permanent solution that recognizes the aforementioned market realities and prevents ceding whole swaths of the globe to Chinese "development," which was not the intent of Section 889.

3. Lack of funding flexibility - Earmarks/Directives

A study published in February 2021 by the Center for Strategic and International Studies notes that, in FY20, 89% of all sectoral and programmatic funding was encumbered by "hard" or "soft" directives.¹² This level of direction effectively handcuffs policymakers and does not allow for creative approaches to problem-solving. It also makes it difficult to respond to new development

⁹ <https://www.newsweek.com/why-does-5g-matter-developing-countries-opinion-1533346>

¹⁰ https://en.wikipedia.org/wiki/National_Intelligence_Law

¹¹ DoD also received a two-year waiver for certain products.

¹² <https://www.csis.org/analysis/earmarks-and-directives-foreign-operations-appropriation>

opportunities in an entrepreneurial manner. USAID, in particular, should have greater resource flexibility to respond creatively to global concerns, particularly, but not exclusively, as they relate to COVID-19.

Despite the degree of difficulty and despite past failures, a thorough Congressional debate, review and update of the 1961 Foreign Assistance Act's policies and priorities is long overdue and is essential to maintaining US global leadership into the 21st century. This should include appropriations acts directives.

Much of USAID's inflexibility has to do with Congressional directives. USAID missions and headquarters spend an enormous amount of time and energy focused on how a single project can address multiple earmarks, thereby allowing dollars generously funded by Congress to extend further. But this gymnastics exercise diverts attention from the big picture funding opportunities where USAID can be used as an effective and strategic resource to counter a resurgent China. USAID will turn 60 this year. I strongly recommend that USAID think bigger: larger scale projects in fewer countries may be the wave of the next 60 years. The Development Finance Corporation was designed with the flexibility to think about larger scale projects. So was the Millennium Challenge Corporation. There is no reason why USAID should not have the funding flexibility to do the same.

If USAID focuses on fewer but larger projects, this presents a perfect opportunity for burden-sharing with our allies and partners. It is also an important time to consider countries transitioning away from foreign assistance. Under the leadership of former Administrator Mark Green, USAID undertook an examination of a number of countries that should be encouraged to end their beneficiary status with the US and to begin a transformed partnership. For many countries that are at or near middle-income status, USAID should focus on programs designed to demonstrate the legacy of US assistance and to show what future American partnership should look like. In countries like Albania, for example, the government told USAID that it no longer needs US funding for projects, it has funds available. However it did not want to lose access to American technical expertise in areas like anti-corruption and democracy-building. USAID was happy to oblige. At USAID, these transformed relationships are key - they demonstrate to neighboring countries as well as to other countries nearing middle-income status that the United States, a former donor, will always be a partner. An adaptive funding framework for this type of situation would be useful for USAID and missions, rather than working under the strictures of prior earmarks that may no longer be relevant.

Vetting implementing partners to ensure that no US taxpayer dollars inadvertently are provided to terrorist organizations or to their seemingly legitimate NGO partners is vital to USAID. Foreign assistance dollars are scarce and must be allocated responsibly. As the Biden Administration examines funding decisions, particularly in countries like Afghanistan, Pakistan, Lebanon, Syria, and Jordan as well as in the West Bank and Gaza, a critical eye is vital. As part of my Chief Operating Officer role, I also served as the Senior Agency Vetting Official. I took this role seriously and, no doubt, saved the US taxpayer millions of dollars by not funding entities with ties to terror organizations. Additionally, this savings is manifest not just in dollars, but also in the lives, including of American citizens, that could have been compromised by funds inappropriately allocated to NGOs and their subgrantees supporting terrorist outlets. USAID has important partners, like NGO Monitor, that thoroughly investigate and report on the misappropriation of donor funds. This type of transparency is highly valuable and should be strongly supported at USAID. My former colleagues in the Management Bureau and Office of Security do yeoman's work in protecting the Agency and the American people from the misdirection of US taxpayer dollars - yet their work is often unheralded and unnoticed.

4. New and expanded alliances with donors

It's important to discuss the expansion of our alliances. Given COVID and the trillions of dollars that the US has taken on in debt for our own relief, it is important to embrace more and new donors. In the past we worked closely, for example, with India, Israel, the United Arab Emirates, Kuwait, South Korea, Estonia, and others to broaden the tent of donor countries. We should continue those efforts, particularly as countries like India move away from being aid recipients to being aid donors. We should recognize and celebrate other donors' contributions.

Following Brexit, our colleagues from the UK's posited the idea of collaborating across an instrument they referred to as D10 - the world's ten leading democracies (G-7 plus South Korea, India, and Australia). At USAID we saw the need to expand that group further when it came to discussions about important development issues, particularly about 5G. We included the UK's D-10 and added Estonia, Finland, Sweden, and Israel in our discussions. The robust discussion around 5G as a development priority helped to raise the significance of 5G technology onto the radars of the world's most advanced economies.¹³ They recognized that in order for countries to develop and for emerging markets to become advanced markets, they need access to the same technologies that are available in advanced markets. The conversation around 5G as a development priority was begun because we broadened our list of traditional donors and added some of the most innovative, technologically advanced countries in the world. These are efforts that should certainly continue.

- Leverage the Abraham Accords

In the wake of the historic Abraham Accords, USAID should certainly celebrate that donor countries like the UAE and Israel are now able to collaborate jointly on aid programs around the world. Fostering this kind of creativity will go a long way toward making the Abraham Accords permanent and to maintaining a very warm peace.

A lot of this engagement is already occurring organically. Over 130,000 Israelis have traveled to the UAE since mid-October 2020, in the middle of a global pandemic.¹⁴ Organizations like Start-Up Nation Central in Israel are partnering with entrepreneurs and businesses in the UAE and Bahrain to match Israeli entrepreneurs and their technology solutions with those in the Gulf. Together, the country known as the Start-Up Nation (Israel) will work with the country now being called the Scale-Up Nation (UAE) and the country gaining fame as the Pilot Nation (Bahrain) to develop technology solutions that will address COVID-19 in their own countries and around the world. Entrepreneurs are jointly developing new water, agricultural, artificial intelligence, and financial technologies. And signatory countries to the Abraham Accords are promoting the reality of a new Middle East - an approach that is less ideological, more pragmatic, and forward-leaning. USAID has signed groundbreaking Memoranda of Understanding with counterparts in Israel and the UAE to collaborate on projects bilaterally. Setting up new formulas for trilateral or multilateral collaboration should be the wave of the next 60 years and beyond.

- Innovation and Private Sector Engagement

¹³ <https://www.usaid.gov/news-information/press-releases/jul-29-2020-usaid-deputy-administrator-bonnie-glick-discusses-digital-development-5g>

¹⁴ <https://www.nytimes.com/2021/03/02/opinion/israel-united-arab-emirates-midcast.html>

There will never be enough money to fund all of the developing world's priorities from a single donor. Additionally, governments should not be the only source of funds to solve some of the world's most complex problems. Indeed, engagement with the private sector is critical to finding long-term sustainable solutions to problems related to COVID-19. We saw this with the rapid development of vaccines through the aptly-named Operation Warp Speed. We are seeing the development of innovative solutions related to drought and agriculture through collaboration between companies in Israel and the UAE.

I personally witnessed the success of a research project for water discovery from the IBM Research Lab in Africa that effectively brought clean water to a village in Isiolo Province in Northern Kenya. The remarkable thing about the IBM solution was that the technology and intellectual property associated with it was subsequently licensed to the State of California for drought planning and mitigation. Innovation is no longer the sole purview of developed economies, indeed sometimes necessity is the mother of invention in emerging markets. Emerging markets play a growing role which, if fostered through the private sector will continue to grow. In the case of the IBM solution, an African-developed technology was licensed to the United States. Not the other way around. Ten years ago, this would have been far less likely.

At USAID I led an effort to focus on closer collaboration with the private sector.¹⁵ Through this collaboration, not only are USAID and private sector partners able to scale projects and deliveries across multiple countries or geographic regions, but they are also able to replicate successes. Additionally, as we all know, the greatest job creator is the private sector, so by working with and helping to develop local private sectors in developing countries, USAID is able to contribute to job creation, job growth, and enhanced livelihoods. This virtuous upward cycle, too, leads to an increase in employment opportunities for women and a decrease in the desire to migrate away from a lower income country to a more prosperous one, such as the United States or countries in the Middle East or Europe.

One of the most innovative parts of USAID was what used to be known as the Global Development Lab. The Lab received a lot of recognition from partner countries, from industry, and from many members of Congress. The initial idea for the Lab was to take seed funding, develop pilot projects in a laboratory setting using best practices from industry and R&D, and then deploy them at scale in countries where USAID operates. There have been many successes through development innovation ventures, through Grand Challenges, through the deployment of digital technology, and other industry-leading sectors. As part of USAID's largest transformation ever, the Agency elevated the role of innovation, taking it out of the small Global Development Lab, and featuring it in the new Bureau for Development, Democracy, and Innovation in the form of the Innovation, Technology, and Research Hub.¹⁶

One of the most timely actions of my tenure at USAID was the launch of the Agency's first-ever Digital Strategy.¹⁷ The in-person launch of the strategy was scheduled for April 2020. But the COVID-19 outbreak forced us all to go virtual.¹⁸ It's hard to think of anything more appropriate

¹⁵ <https://www.usaid.gov/work-usaid/private-sector-engagement/policy>

¹⁶ <https://www.usaid.gov/GlobalDevLab>

¹⁷ <https://www.usaid.gov/usaid-digital-strategy>

¹⁸ <https://www.esis.org/events/online-event-usaid-digital-strategy-launch>

to do over digital technology than to launch a digital strategy. USAID's rollout of the strategy and its principles of the transformative power of technology are important both for economic growth but also for democracy and governance programs. "While digital tools hold immense potential, to help people live more free and prosperous lives, they also present significant risk to citizen privacy and data, freedom of the press, and individual expression. Authoritarian governments and malign actors may wield digital tools to suppress political dissent and exploit system vulnerabilities or individuals who lack digital literacy."¹⁹ USAID's approach to 5G as a development priority is fully embraced in the Digital Strategy.

The philosophy of the Digital Strategy is "Digital First." It is a 21st century approach to problem-solving, and in the COVID-19 environment, it makes more sense than ever. I urge Congress to authorize and appropriate additional funds with the flexibility to address the priorities of the 21st century that will be best achieved through the employment of digital solutions.

5. USAID Transformation

Under USAID Administrator Mark Green, USAID undertook the most extensive and forward-leaning transformation in the Agency's history. This included, as noted above, elevating the role of innovation in the work of the Agency, along with the role of Democracy and Governance in the new Bureau for Development, Democracy and Innovation. The Agency also took a look at the continuum of development, from crisis to stability to resilience. This was exemplified in the form of the "R3 Family" of bureaus, the Bureau for Humanitarian Assistance, the Bureau for Conflict Prevention and Stabilization, and the Bureau for Resilience and Food Security. If one looks at a country in crisis, one can visualize the continuum that country will traverse, from crisis to stability to resilience and then to growth.

Congress is well aware of these Agency transformation initiatives and has been supportive of much of it on a bipartisan basis. With the exception of one remaining component of the original Transformation plan, the hoped-for establishment of the Bureau for Policy, Resources, and Planning which would align USAID's resources with its programs (which is an idea widely supported by career staff), all of the Agency's Congressional Notifications (CNs) were released and the lion's share of Transformation efforts proceeded. I understand that remaining CNs have been withdrawn and that the Agency will reevaluate the establishment of a bureau that aligns resources with programs. Regardless of its title, it is still a good idea to have an organization that can align resources and programs. The idea still has broad support within the Agency. I encourage the Biden Administration to give it priority attention.

6. Better use of Implementing Partners

As we reassess future challenges facing foreign assistance, one aspect that has been too long ignored is how federal agencies spend their appropriations. How to choose between using assistance spending - whether as a grant or a cooperative agreement - or using acquisition through contracts, continues to vex both implementers and funders. Over the years, the rules and regulations have continued to blur and diminish the lines between these two funding mechanisms.²⁰ Non-Governmental Organizations (NGOs) - traditionally the recipients of grants that enable them to continue on-going work that the

¹⁹ <https://www.usaid.gov/usaid-digital-strategy>

²⁰ <https://www.usaid.gov/sites/default/files/documents/2020-ProgressReport-03-01-2021.pdf>

US government supports - now feel they are being overly directed by USAID officials. NGOs recoil when referred to as part of the “non-profit industrial complex,”²¹ a designation painting them as little more than shells for corporate interests. Contractors - who competitively bid for work deemed necessary by the US Government - feel vilified when referred to as “Beltway Bandits.”

Recent complaints that too many of the same NGOs and contractors were winning awards misses a key point. Barriers to entry, including lengthy and overly prescriptive and regulated award processes, combined with marginal rates of return to fund future employee training and to keep the lights on, have all created significant disincentives for new entrants, whether in the US or in foreign locales where USAID operates. Without a serious reevaluation of how difficult and time-consuming it is to work with the federal government, and with USAID in particular, we should not be surprised to see even fewer USAID implementing partners in the next three to five years.

Conclusion

The non-health imperatives for development are clear - they include food insecurity, diminished livelihoods, increased out-migration, an uptick in violence against women, and others that we may not even have considered yet. USAID should focus its energy and resources on where it can have the greatest impact and partner with other allied countries when it makes more sense for them to be the primary donor. If we don't operate jointly with our allies, we risk ceding the table to China.

We have spent the entirety of the modern era as the most generous nation in the history of the world. It is a role that is uniquely American and should remain American.

Thank you very much for the opportunity to provide my views on these important topics. I look forward to your questions.

²¹ <https://core.ac.uk/download/pdf/161442932.pdf>

Mr. CASTRO. Thank you, Ms. Glick, and thank you to both our witnesses for your testimony.

I will now recognize members for 5 minutes each. And pursuant to House rules, all time yielded is for the purposes of questioning our witnesses. Because of the hybrid format of this hearing, I will recognize members by committee seniority, alternating between majority and the minority members. If you miss your turn, please let our staff know, and we will circle back to you. If you seek recognition, you must unmute your microphone and address the chair verbally.

And I will start by recognizing myself.

This, of course, is the first hearing of this subcommittee, and we have a new President and a new Congress. And so, I want to start off with a broad question for either of our witnesses, or both of our witnesses, if you would like to take a shot at it.

The testimony today makes clear that the United States leadership on development must be an important part of our global COVID-19 response. In the next few months, the administration will submit its budget request for Fiscal Year 2022, and the Congress will review that request. Given the scale of the challenge described in the testimony today, how important is it that we see a request for greater funding levels for development programs? And are there specific programs where you would put more money or move money? What are your recommendations?

Dr. SHAH. Bonnie, I am happy to start, but I did not want to interrupt if you were intending to.

I would just say thank you, Chairman, for the question. I do think American leadership needs to be elevated to tackle the challenges that exist, and the challenges that exist go far beyond what American foreign affairs funding is going to be capable of solving directly. So, for that purpose, I would say three things.

The first is the budget should be strong and it should be a reinvestment in building the types of alliances that Bonnie mentioned and making sure that we lead with our own approach, which is making bigger investments in tackling COVID-19 around the world. It is not just buying the vaccines through COVAX, which we have already made a big commitment to, but also investing in training community health workers and building out health systems, so that you really can reach everyone. We learned during the Ebola crisis in 2014 that that was actually the critical investment necessary in order to successfully protect the population from the virus.

I would say, second, programs that have a documented track record of being public-private partnerships and delivering results—Feed the Future, Power or Electrify Africa, other enterprise collaborations that I know Bonnie led when she was at USAID—are all the types of programs that have real data to document their effectiveness, and in my view, should be invested in.

And the final area is around technology and innovation. We are seeing it right now with American ingenuity being so critical to the fight against COVID-19. But USAID created the U.S. Global Development Lab, which has earned strong bipartisan support from Congress, in order to reinvigorate America's capability to make innovation, science, and technology a driver of American foreign as-

sistance. And I hope that that theme can be extended and carried forward in a much more significant way, because the challenges we face demand it, and because, frankly, American companies, American scientists, and American universities, including students on those university campuses, are eager to participate in this mission.

Mr. CASTRO. Thank you, Dr. Shah.

I have got about a minute 45 seconds under my time left. I am going to try to keep myself on time.

Ms. GLICK, did you want to weigh in?

Ms. GLICK. I will just say very quickly that we have never lived in times like this in modern history. And so, yes, the focus on COVAX and vaccine distribution is the critical moment for the short term. As Raj said, it is accurate that being able to depend on digital technology is going to be vital, and American ingenuity that comes along with that.

And so, that involves engaging with the private sector, and it involves, too, an eye toward who else is in this space. And the answer to that, as I noted, is the People's Republic of China. And our ability to act alongside our partners and genuinely with the private sector is going to be the way that we come up with the best solutions for the world. We have done this before and we can do it again, but we have to recognize that there is a disinformation campaign coming out of China that is discrediting American vaccines—a little bit crazy.

And we have to ensure that our staff, as Raj said, have the skills and technical ability to roll out distributions worldwide. Health systems strengthening is something that helped save countless lives in Ebola in 2014 and in Ebola today in the eastern Congo. And investing in those systems is going to be what helps us get through COVID worldwide.

Mr. CASTRO. Thank you, Ms. Glick.

All right. Ranking Member Malliotakis?

Ms. MALLIOTAKIS. Thank you very much. I very much appreciate the testimony. It was enlightening. And I just had a few questions.

My first question is really about, because both of you come from USAID, and my first question would be, based on your experience there, what kind of safeguards can we put in place just to make sure that the money is used most effectively. As I said in my remarks, our aid needs to be targeted. It needs to be strategic. It needs to be impactful. Do you have any recommendations on what we could be doing to ensure that?

Ms. GLICK. I will jump on this one. Ranking Member Malliotakis, one of the most important things is the partnership that USAID has with Congress and the relationship that AID has with the Members to understand what we are doing in foreign assistance and how it impacts your districts. And so, the congressional oversight that you and your staffs demonstrate is always going to be something that helps keep USAID on the ball in terms of being able to respond to the needs while also being responsible stewards of taxpayer dollars.

Dr. SHAH. I would just quickly add that I do think there are a handful of programs, perhaps more than a handful, where USAID sets the standard on measuring results and documenting performance. And I think you can learn from those efforts and extend those

practices across the full range of American foreign assistance efforts.

One of the benefits of strong bilateral assistance programs, like many of the ones that USAID implements—and frankly, where the Rockefeller Foundation and others partner with USAID and so many others—is you can go out and do surveys at the beginning of a project and understand the nature of the population you are trying to serve. And then, you can do annual assessments, and three or four or 5 years later, do end-of-project assessments, and actually quantify the impact you are having.

We do this every day at the Rockefeller Foundation, which is how we know the 500,000 people we serve in northern India with renewable electricity access have used that access to increase their incomes by 60–70 percent and create new jobs and launch new businesses and enterprises. And that basic discipline is, I think, critical to this entire field, no matter which institution is charged with the responsibility of carrying it out.

Ms. MALLIOTAKIS. Thank you.

How can we best work with America's private sector? I know that so many companies or global entities, that they are building infrastructure; they are creating jobs; they are advancing sustainable solutions. How can we best utilize them as partners? Either one of you want to answer that?

Ms. GLICK. I think one of the most important things that we did at USAID when I was there was to highlight the role of the private sector in development. And as part of the aid transformation, we set up a private sector engagement hub, so that there is a one-stop shop for private companies of all sizes—large corporates down to small businesses—in the United States, so that they can become involved in the delivery of foreign assistance around the world. It is job creator for us here at home, but it is also recognition that the private sector is the strongest force in world history for lifting people's lives and for giving people livelihoods that they can depend on for themselves and for their families. And so, that added focus at USAID has been something that I would recommend leveraging into the future.

Dr. SHAH. And I would add I agree entirely with Bonnie, and I think there are two additional tools that I would ask Congress to support as much as possible. One is, during my tenure, we used a tool called the Global Development Alliance Structure that allowed USAID to partner with the private sector, frankly, in more creative ways than many other parts of the U.S. Government. And while that is a small share of USAID programming, I hope it can grow into a larger share.

And the second one is the U.S. Global Development Lab. By creating a lab that focused on building technology partnerships and bringing kind of modern science to the tasks at hand, we were able to build partnerships with firms that we otherwise would not have been able to, and frankly, attract a certain kind of talent to the institution in a way that is unique. So, I would call out both of those tools in addition.

Ms. MALLIOTAKIS. Thank you. I had one more question, but I will go—

Mr. CASTRO. Go ahead. Sure.

Ms. MALLIOTAKIS. The chairman is being gracious with our time. I did have one last question regarding the supply chain, if you had any thoughts on COVID's impact on the supply chain, both from a manufacturing and a distribution standpoint? You may or may not. I just thought I would throw it out there to see if you—both of you are very wise and perhaps have your own recommendations there in how we can address that issue.

Dr. SHAH. Maybe I will jump in on this. I do think, if you look at the estimates of what will cause disruption to the global economy post-the United States and other industrial nations achieving herd immunity through vaccination, it is the sanctity of global supply chains that are causing the estimates to be between \$3 and \$9 trillion of economic loss as a result of, basically, disrupted supply chains.

USAID has lots of partnerships with companies as parts of its programs that build and support those types of supply chains. So, I think that is yet another reason why the institution should be sort of strengthened and invested in in this period going forward, which, frankly, will be a longer period than I think most people realize. It is not just a threat for 6 months or 12 months. It is probably a threat for three to 5 years, because that is, most likely, the timeframe required to really get ahead of COVID-19 in the emerging world.

Mr. CASTRO. All right.

Ms. GLICK. Let me just add to that, real quick, that the criticality of securing the supply chain, which is the most sophisticated supply chain on earth and capable of delivering lifesaving medications to the village level around the world, the criticality of investing in that, and also, ensuring that, through onshoring, nearshoring, and allied-shoring our products and manufacturing from the United States and our allies to bring it closer to the village level, is what is going to make a monumental difference in being able to distribute vaccines and everything else that is needed to rebuild global economies.

Mr. CASTRO. Thank you.

All right. I am going to go now to the vice chair of the subcommittee, Representative Jacobs.

Ms. JACOBS. Thank you so much, Mr. Chair.

And thank you to our witnesses for being here.

I want to go to a specific problem that we are seeing around the world. I think the pandemic has exposed just how difficult digital learning can be, both here in the U.S. and abroad. But it is not new. USAID and others have had many programs over the years to distribute computers and tablets and internet connectivity to underserved communities. In my estimation, some of these programs, such as One Laptop Per Child, sound really great in theory, but when you actually look at the data, have had very mixed successes.

And so, I was wondering, in both of your opinions, if you think USAID is adequately applying the lessons learned from those past failures in digital learning projects to meet these new challenges, what you think those lessons are and what more we can do here to ensure, as we are implementing these projects, we are doing it in the best way possible.

Ms. GLICK. So, one of the areas of extreme focus when I was USAID, because I came from a technology background, was a focus on digital technology in the application and rollout of USAID programs. In order for the agency to be equipped for the 21st century, we launched a digital strategy 11 months ago. It was supposed to be in person and, of course, it was virtual, which seems appropriate, of course.

And what we have focused on is an approach at USAID that is digital first. Look for ways to apply solutions using digital technologies that are available. But the critical technology that has to reach the shores of the developing countries in order for countries to become self-reliant and competitive in global markets is 5G. And in order for 5G to be rolled out in a democratic manner, one of the things that we focused on was ensuring that secure 5G solutions were available around the world. We can get into the software that can enable this as well as the infrastructure, but 5G, and secure 5G, is the critical element for digital technology in bringing education, job opportunities, et cetera, to emerging markets.

Ms. JACOBS. Former Administrator Shah, do you have anything to add, particularly on how we are getting these digital learning techniques out to the hardest-to-reach students around the world?

Dr. SHAH. Well, I want to thank you for the question. During my time there, I found that it is true that some programs that get a lot of visibility were not necessarily able to deliver quite as much. But there are plenty of efforts within U.S. investments in education access that were quietly very successful at getting new tools and technologies to very, very remote communities, and I had a chance to visit many of them, one in rural Nepal, for example. And I was struck by both the effectiveness and the measurement they had put in place to track third and fourth grade literacy and math scores associated with that, and made that a sort of practice we try to replicate broadly.

The other thing I would say is this is not the kind of task that I think America should try to handle in just a bilateral context. Investing in digitalization and digital infrastructure, broadband access, and 5G is a task that America can help lead together with the World Bank, and potentially, together with the use of certain types of IMF resources that seem like they will be made available to lower-income nations, because this can all be part of a focused recovery effort to restart the economy and create kind of a jobs-rich economic recovery in many emerging economies. So, I hope that the approach can be bilateral and multilateral.

Ms. JACOBS. Great. Thank you.

My next question is kind of addressing that poverty. We have seen that this pandemic has erased 10 years of the income gains for the first time since the 1990's, and global poverty rates are increasing, as you have mentioned in your testimony. I was wondering, besides additional funding, which I think we all recognize is an issue, what more can USAID programs be doing, with our partners or otherwise, to combat poverty, and what can we do to support USAID to meet those goals?

Dr. SHAH. Well, maybe I will start with that. I think there are two big things I think that we can do besides funding. The first is really work with multilateral institutions to coordinate the impact

of rescue and recovery packages. So, for example, if the International Monetary Fund is able to provide an allocation of what are called special drawing rights, but, basically, new resources to emerging economies, in that context, it would be great to see USAID and other bilateral institutions sort of partnering with the World Bank and the IMF and the development banks to make sure those many billions of dollars are deployed effectively and are really focused on the response and the recovery.

I think the second component is making sure that we have a longer time horizon on these efforts. There is a big risk that the programming we do is sort of 1-year timeframe kind of programming. And the reality is the recovery needed to avoid the loss of two decades of human development progress is going to take five, six, seven, 8 years. And I would love to see more long-term thinking applied because this moment calls for it. Otherwise, as you point out, we will lose one or two decades of progress fighting poverty, fighting disease, and fighting the lack of educational access for girls across the world.

Ms. GLICK. And I agree wholeheartedly with that, and particularly, working with multilateral institutions. One of the things that we saw in the fall meetings at the World Bank was a call by World Bank President Malpass for debt relief for the poorest countries that have been impacted by COVID. And this is an area, too, where these same countries that have been so severely impacted on many levels have been impacted because they have bought into the Chinese Belt and Road Initiative, and they are heavily, heavily indebted to the People's Republic of China. It is a great opportunity for the world to focus on debt relief for the most indebted countries and to call on the People's Republic of China for debt relief.

Ms. JACOBS. Thank you. I yield back.

Mr. CASTRO. Thank you.

We will go now to Representative Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Ms. Glick, under your leadership at USAID, the agency developed key strategies and policy documents such as the Digital Strategy and Private Sector Engagement Policy. And you comment on recommendations for the Biden administration to continue or expand your initiatives?

Ms. GLICK. Congressman Issa, thank you so much for the question, and it is really an important one for all administrations to recognize. I worked hard at USAID to bring it into the 21st century. And I am hopeful that the noncontroversial, highly lauded efforts that were undertaken to engage with the private sector as true partners around using digital tools to deliver development, including the recognition that 5G is an imperative, not just for developed economies, but for emerging markets, too, I hope and I trust that the momentum behind these efforts carries forward.

We socialized private sector engagement in our approach to 5G, to food distribution, to supply chain management, with other donors, as well as across the U.S. Government. We had a particular engagement with the Federal Communications Commission. In fact, I signed an MOU with former FCC Chair Ajit Pai to have our two agencies collaborate on the rollout of 4G and 5G systems to developing countries.

There is broad recognition that in the 21st century no country will develop if it does not have appropriate digital tools and if children are not educated on the use of these tools. So, this is where USAID can partner effectively with the private sector, particularly with local private sectors, to deliver solutions worldwide.

For the Biden team, I will just say that the career staff at USAID is excited and more than capable to continue their focus on private sector engagement and on the digital strategy. They feel it is relevant and connected to the goals of self-reliance, and they are leading the agency into the 21st century, and others are eagerly joining in.

Mr. ISSA. Thank you.

And hopefully, this is a quick yes-or-no question. One of the anomalies in the USAID package continues to be in excess of a million dollars a year that it spent on Cypress, a member of the European Union and certainly not a developing nation. Would it be fair to say that Congress needs to at least address the question of whether that pot of money, the USAID pot, should be spent on a disagreement, continued tension between the Greeks and Turks in Cypress, or whether, if we are going to make that investment, it should be made in some other way, particularly since it is a contingent expenditure?

Ms. GLICK. Sir, it is a great question, and I would just say that this is really where congressional oversight is so important, and I urge that.

Mr. ISSA. Thank you.

Last—and this is for both our witnesses—having spent 2 years associated with the Trade Development Agency, one of your sister organizations, and beginning to realize from the time I was originally nominated for it that TDA, USAID, the EXIM Bank, our entire plethora of agencies is dwarfed by China's engagement in Belt and Road. And you mentioned 5G, and their obvious desire to dominate 5G and to dominate, if you will, the information-gathering behind those systems they install. Could you each give us your view of what the vision should be for Congress and for this administration to create a system, through any or all of those agencies, that would be able to compete aggressively and fairly for those system developments throughout the world?

Dr. SHAH. Sure. Congressman, it is wonderful to see you again.

And I would just say you are right, the Belt and Road Initiative is a trillion dollar public-private, if you can call it that, collaboration in China that—

Mr. ISSA. "Public-public" we might call it.

Dr. SHAH. You might call it "public-public," exactly. But there is a significant amount of commercial capital included in that trillion dollars. And it is funding everything from 108 gigawatts of new coal development to all kinds of projects that have less-than-transparent documentation with respect to meeting basic Western standards for anti-corruption and transparency around public-private investments.

So, there is a tremendous need for the United States, in my view, to continue to invest in elevating the U.S. Development Finance Corporation and ensuring that America's foreign assistance agencies are working in concert with that institution, as well as with

the World Bank and the IMF, that do focus on putting forward, you know, call it Western standards of governance of the economy and of economic transactions, and making sure that Bretton Woods system, together with the United States, can actually be an effective alternative proposition to the 23 or 26 countries that are currently actively participating in the Belt and Road Initiative.

And to do that, we have to focus more on making concessional finance available at much larger levels. We have to focus more on the kinds of industries countries value, like energy generation and electricity distribution and access. And we have to be much more focused on public-private collaborations to that end.

And the Rockefeller Foundation actually works on exactly those issues and would be happy to collaborate. But I do think that is what it will take to present a counter that is meaningful, given the scale of the Belt and Road Initiative.

Ms. GLICK. And Congressman—

Mr. CASTRO. Ms. Glick, do you want to give Congressman Issa a quick answer on that also?

Ms. GLICK. Congressman, the quick answer on that, too, is the one component that China leaves out, and we do not, is the \$60 trillion of U.S. industry that are involved in the rollout of large-scale infrastructure around the world. So, while U.S. Government is dwarfed by the PRC, and as you rightly noted is a public-public partnership with companies like Huawei and ZTE, the public-private engagement to bring in the private sector of the United States bumps our numbers up tenfold, at least, over potential Chinese investments. And so, that is where I would urge that the Congress focus, that agencies focus, is on true partnership with the private sector.

Mr. CASTRO. Thank you.

Mr. ISSA. Thank you, Mr. Chairman.

Mr. CASTRO. Thank you.

Representative Omar.

Ms. OMAR. Thank you. I just wanted to start out thanking you, Chairman and the Ranking Member, for holding this important hearing. It is exciting to be here for the first hearing of this new committee. I am looking forward to doing great work together.

The World Poverty Clock estimates that up to 120 million people have been thrown into extreme poverty because of COVID, extreme poverty meaning that their households live on less than \$1.90 a day. The people bearing the burden of this life live in the south, the global south, especially Sub-Saharan Africa and South Asia.

Last year, I lead a letter with Senator Bernie Sanders and more than 300 parliamentarians around the world to the World Bank, the IMF, and G20 country leaders. Our letter asked for serious consideration of debt cancellation as a way to address the rise of global poverty. One of the things we asked was for the IMF to issue special drawing rights, which could provide hundreds of millions of dollars in immediate relief to the world's poorest countries.

Mr. Chairman, I would like to introduce into the record this article in The Financial Times from the U.N. Economic Commission for Africa, Vera Songwe, making the case for using SDRs for Africa.

Mr. CASTRO. Without objection, it is entered into the record.

[The information referred to follows:]

Opinion **Africa****Rich countries should reassign funds to Africa as the path out of Covid**

A voluntary shift of special drawing rights on the IMF's proposed \$500bn of new liquidity is needed

VERA SONGWE

A pedestrian wears a face mask in Nairobi, Kenya. As the Covid crisis continues, the economic fallout brings joblessness, hunger and the spectre of more unrest © Patrick Meinhardt/Bloomberg

Vera Songwe FEBRUARY 24, 2021

Be the first to know about every new Coronavirus story

Get instant email alerts

The writer is under-secretary general of the UN and executive secretary of the UN Economic Commission for Africa

Covid-19 is akin to an unwanted house guest whose departure is unpredictable but whose cost keeps rising and creating tension. Collective action is needed to solve the problem. Coronavirus has exposed serious shortcomings in global public health systems, leading to relatively high death rates.

Africa is no exception. It took 146 days for Africa to register its first 20,000 deaths, but by this January, it was recording that same number of deaths in 26 days. Many economies are back into lockdowns, inflation has been rising — although the World Bank [expects it to ease](#) in 2021 and 2022 — and [civil unrest](#) is adding to the already combustible mix.

The US has an opportunity to support Africa's efforts to tackle its problems in a way that saves lives and delivers a return on investment. It can help solve a global public goods problem and actually do well by doing good.

The new US administration is working to bring the pandemic under control and has proposed a [\\$1.9tn stimulus package](#) to support the US economy. President Joe Biden has addressed African leaders and put an [Africa expert at the UN](#), in signs of stronger partnership. But the continent now needs a similar jab in the arm and boost to its economy.

In 2020, many African countries suspended corporate tax payments and provided social transfers to their citizens amounting to a combined [2 per cent](#) of gross domestic product. Some [35](#) have [received external support from the IMF](#) and [31](#) have participated in debt-suspension programmes, potentially [saving \\$9.2bn through to June 2021](#).

Africa's buffers in 2021 are thinner than pre-pandemic. As the health crisis continues, the economic fallout brings mounting joblessness, rising hunger and the spectre of more unrest. An ambitious, differentiated response is needed, and the [G20's debt suspension initiative](#) — which should be extended into 2022 — and the [G20 common debt framework](#) are a good start. As it rallies Congress behind a stimulus package at home, the new US administration could do the same for Africa and the rest of the developing world by supporting the creation of [\\$500bn worth](#) of new liquidity for the global economy through the IMF.

By issuing special drawing rights, the global economy approves the printing of money. This was last done in 2008/2009 during the financial crisis. It proved effective, especially because those who needed it most got the lion's share based on a quota system. With the pandemic, the needs are greater and all nations — especially middle and frontier markets — require more liquidity support.

Under the allocation formula, all of Africa would receive \$25bn of the \$500bn SDR, and the G7 countries a total of \$217bn, of which the US would receive \$87bn. But G7 and G20 countries could voluntarily reallocate their SDRs to an interest-bearing facility to support low-income countries, such as the IMF's [Poverty Reduction and Growth Trust](#). This could be used for a market re-entry access vehicle that lowers sovereign borrowing costs and brings in the private sector. In this way, the SDRs can work for good.

3/7/2021

Rich countries should reassign funds to Africa as the path out of Covid | Financial Times

A voluntary SDR reallocation would provide a path for high-income countries to demonstrate global solidarity while receiving a return on their investment based on [SDR interest rates](#) — and US leadership is pivotal on this. But if that were not motivation enough, remember that if some countries continue to struggle with new mutations of the virus, porous borders mean the whole world will remain vulnerable.

Inaction risks setting back all the development achievements of two decades and slowing the transition to a green economy. We must not stand back as the liquidity crisis morphs into a solvency crisis. Collectively, we can use SDRs to get the guest out of the room for good, without long-term scars. The G7 and the G20 can deliver on this promise.

This article has been amended to clarify the pandemic death rates. Africa recorded 20,000 deaths in 26 days in January 2021.

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Ms. OMAR. Dr. Shah, you have been supportive of special drawing rights as a way to alleviate the economic crisis. Secretary Yellen has also shown support for this policy. Dr. Shah, can you explain how the IMF issuing SDRs will help ensure countries in Africa respond to the pandemic?

Dr. SHAH. Sure. Thank you, Congresswoman, for your leadership on this issues and your commitment.

In particular, the opportunity for the United States to support a G20-led coalition to enable the IMF to allocate greater special drawing rights across its member nations would create, depending on the scale of that issuance, potentially, up to \$600 or \$700 billion of value that can, then, be allocated to nations based on their shares of the IMF.

And in the past, we saw this coming out of the crisis when Gordon Brown was Prime Minister, coming out of the global financial crisis, and we saw some smaller actions on this front last year. Wealthier nations, then, would have the opportunity to take those SDRs, as they are referenced, and donate them or unlend them back to the IMF's Poverty Reduction Growth Trust to be used for nations that have much greater need in this moment. And that, effectively, does not cost the wealthier nations anything in the current moment.

So, it is a way of generating fiscal support for developing countries at a scale that is much greater than what I suspect America can do by acting bilaterally alone. And it is an effort, then, to make sure those additional resources that go to those developing nations are, then, used for health and economic recovery, so that COVID-19 can be tackled on the ground and can be dealt with, and the recovery can be much stronger.

I would say two points for this committee to sort of consider, and perhaps encourage. The first is America's participation in this effort would send such a powerful signal to the rest of the world that we are willing to work through multilateral institutions to, in a very efficient way, make resources available during a crisis.

And the second is America, by partnering its bilateral and multilateral agencies and efforts, has the opportunity to, in particular, ensure that these resources, which could be tens of billions of new dollars for the health response specifically, are used effectively to fill this ACT Accelerator-identified gap of \$23 billion that I spoke about in my opening statement.

So, right now, as we look across the world at the Rockefeller Foundation, this is one of the few tools the planet has to relatively quickly put resources into play at that scale, and we hope that it can move forward.

Ms. OMAR. Wonderful. And I know we are running out of time, but I wanted you to quickly maybe tell us what should the United States do to make sure vaccines are distributed quickly to Africa, Latin America, and the rest of the global staff.

Dr. SHAH. Well, I think two things. The first is the immediate injection of the \$4 billion to COVAX and the Global Alliance for Vaccines will make it possible to achieve the procurement goals GAVI has set or COVAX has set. As you know, that is still only trying to achieve 20 percent coverage for vaccination, and you need to get to 60, 70, 80 percent to really get herd immunity.

So, the two things I think is the U.S. needs to continue to make sure some of these multilateral tools like SDRs can be linked to further efforts to expand vaccination. And the second one is America has been a leader in investing through USAID, in particular, and PEPFAR, in particular, at building the health systems needed on the ground to make sure these products are actually delivered to people in need. And now seems like a moment where continued American leadership on that specific task can be of tremendous value to the world.

Ms. OMAR. Yes. Thank you, Dr. Shah.

Thank you, Chairman. I yield back.

Mr. CASTRO. Thank you, Representative Omar.

Let's go to Representative Sherman.

Mr. SHERMAN. Thank you.

Today, we are going to pass a \$1.9 trillion bill. Less than 1 percent of that is there to help the world deal with this problem. And yet, that less than 1 percent has been subject to the most scathing, cheap political attacks. The fact is we have a strong interest in getting the world immunized.

A diplomat would tell you that our standing in the world is dependent upon our contribution to world immunization. A theologian would tell you that we must help the least of these and that we have a moral obligation. An economist would point out that our economy cannot fully recover while our trading partners are sheltering in place. And a virologist will tell you that, with over 7 billion people in the world, until they all get immunity or the benefits of herd immunity, the virus has a chance to infect; where it infects, it replicates; where it replicates, it mutates, and it could easily mutate into a form that, then, is a problem for the United States. So, if we were interested only in ourselves, we would work toward world immunization as quickly as possible.

Yet, there are two issues here. One is the distribution, and I think that will be dealt with by others in this hearing. And the other is the shortage of vaccine. And here's where the United States has been particularly shortsighted.

There are research studies that I think will show that, at least for people under age 55, only half the dosage is needed. Yet, there are those who say we should not fund those studies because we will not have the results until May, and by then, Americans will be immunized, and who cares about the rest of the world. That is stupid.

Right now, we are wasting over 10 percent of the vaccine because the FDA instructs people who are administering the vaccine, if there is half a dosage left in the bottle, to throw away the bottle, rather than get half the dosage from this bottle and half the dosage from the next bottle, which are part of the same manufacturing lot.

So, Dr. Shah, it is great to see you back before our committee, now in a new role.

Are we doing enough to study how we can stretch the existing vaccine and how we can manufacture vaccine more quickly, not with the finish line being May 31st, because that is when Americans are vaccinated, but with a goal of immunizing the vast majority of the people in the world?

Dr. SHAH. Thank you, Congressman, for your statement, and it is good to see you again.

I do agree that the need to identify vaccine efficacy strategies via research will continue to be a significant requirement, certainly well beyond May, and potentially, for years to come. And I think you might think of it as covering a number of different areas of research and inquiry.

The first, as you point out, is the efficacy of current vaccines against current variants that are present in the viral population. And both are going to be changing over time. So, it is really not something you can just end the research on. You have to continue to do it.

The second is actually monitoring the variants that emerge from developing and emerging economies, and frankly, in the United States. Now, in the United States, the CDC has crafted, together with the NIH, a very strong plan for raising the level of genomic surveillance to track viral variants.

Mr. SHERMAN. I would point out they have been very late to do that, but now—

Dr. SHAH. Yes, they have been very late to do it, but now there is a plan to do it. I think the country that has done it best is the United Kingdom, and they have done it in a public-private partnership with the Wellcome Trust and others.

We are working with—and we hope the U.S. can play a very big role—replicating what they have done there in emerging environments and developing countries around the world where very little to no viral genomic surveillance is taking place. And I would say that is just as important as the other question of vaccine efficacy.

And then, finally, as part of all of this, there need to be ways to constantly test existing vaccines and convalescent plasma against the new variants that do emerge, and that is another area that will require continued research. So, I think the research enterprise here has to be global and has to persist, frankly, for many years after most people, hopefully, move beyond thinking of COVID-19 as a day-to-day challenge.

Mr. SHERMAN. Thank you.

I would just comment that there is nothing that is more penny-wise and pound-foolish than us to fail to spend on the things you identify that, if we can get people vaccinated against the variants that we are aware of, that will reduce the replications and mutations that can give us a variant that does not yet exist. And it is perhaps the best expenditure of American resources to do a lot more than 1 percent of our expenditures on stopping this worldwide.

I also want to take a moment to commend Mr. Castro, our chair, on being the first to chair any hearing of this subcommittee in history, and I look forward to more greats as good as this one.

And I yield back.

Mr. CASTRO. Thank you, Mr. Sherman.

All right. Let's go over to Ms. Houlahan.

Ms. HOULAHAN. Thank you. And I want to echo Mr. Sherman's commendation. This is a really important and exciting new subcommittee. And I actually want to focus on the title or the name of the subcommittee with having it "Global Corporate Social Impact."

And my question, first question, is for Mr. Shah. I really am interested in corporate accountability. Are companies/corporations across the globe

[audio interference] about social impact and responsibility?

Mr. CASTRO. It looks like Ms. Houlahan's video froze there. Let's see if we can get her back here for a few seconds. And if not, then we will go—why do not we go to Mr. Kim, and then, we will come right back to Ms. Houlahan.

Mr. KIM OF NEW JERSEY. Thank you.

Mr. CASTRO. Mr. Kim.

Mr. KIM OF NEW JERSEY. Yes, thank you, Chairman, for pulling this together.

And we will turn it back to my colleague, Chrissy Houlahan, after this; hopefully, her bandwidth gets it.

I was looking through your testimony, and you give some really thoughtful remarks about some of the things that we should be doing, especially when it comes to China. And one of them was about the World Health Organization, and you are proposing some different reforms there on that level. I have heard that from both people who have been supporters and critics of the WHO, that we be looking into reforms.

What I want to

[audio interference] coordinating body. In the aftermath of the pandemic, can we think about what do we need as a global structure to be able to make sure that we are better prepared for the next time around? And I think I want to just kind of hear a little more from you because some of the language you use is really spot-on, but also some of it, like when you say kind of a trimmed-back WHO, it concerns me because, in the aftermath of a pandemic, wouldn't we want to have more abilities to be able to engage globally when it comes to health? And I am sure that is something you agree with as well, but perhaps it means a different entity or a different structure is put into place. So, if you can just kind of elaborate on that a little further?

Ms. GLICK. So, there was a little bit of a lag there, and I am not sure I heard the entirety of your question, Congressman, but I think it was directed to me. And I want to thank you for, one, reading the testimony, and two, for the very thoughtful question about the World Health Organization.

When the Trump administration made the decision to leave the WHO, there really was a lot of consternation in the international donor community, but there was no other time during which a U.S. exit from what is a malfunctioning international organization could have had a greater impact than during the pandemic itself. WHO has been on a slow slog toward complete dysfunction. And while this was made manifest to the world during the initial COVID-19 outbreak, it was obvious to global health practitioners and to people who were suffering from the Ebola outbreak in eastern Congo before COVID-19 hit the world stage. The WHO was broken.

So, the focused attention that the Trump administration brought to WHO's failings in Wuhan has, hopefully, gone a long way to starting the reform of it. And I hope that a U.S. reentry into WHO will live up to its original mandate of global health coordination, but it needs some significant reforms.

The Biden administration should continue to press for reform. WHO does not have to be all things health-related to nations all over the world, but, rather, it should maintain the high-level coordinating function that it was established to have.

So, we may have forced some tough medicine onto the WHO, but I do think that, as you noted, a trimmed-back WHO may be a better coordinating body than the current WHO that is dispersed in 150 countries around the world and really micro-focused rather than focused on broad global concerns.

Thank you so much for the question.

Mr. KIM OF NEW JERSEY. Yes, thank you, Ms. Glick.

I mean, look, I am open to looking at some of these reforms and looking for how we can improve the coordination when it comes to the WHO and the function there. But, again, while we are thinking about that, I would also need to just understand more clearly going forward what other structures that we could put in place to have some of the oversight. You know, if some of the problem was the lack of the WHO to be able to do proper inspections and oversights, and aspects like that, I worry about trimming back. I worry about that kind of language in terms of how we push on that. So, that is what I was just trying to get at.

Perhaps it is not the WHO that needs to play those functions, but we need to put sort of a bigger apparatus together on how we move forward in the aftermath of this pandemic, once we are able to really assess on that. And I hope you are right that the Biden team thinks very thoughtfully and carefully about how we can structure that.

So, if you do not mind, I would love to just stay in touch with you, Ms. Glick and Dr. Shah, about that in terms of just understanding that broader ecosystem in which we pull together what kind of public health and global health foundation and infrastructure we need going forward.

And with that, I will turn it back to the chairman.

Mr. CASTRO. Thank you, Mr. Kim.

All right. We are going to circle back to Ms. Houlahan. Hopefully, we got the technical issues solved.

Ms. Houlahan? There is still a lag perhaps?

Ms. GLICK. I think you are muted.

Ms. HOULAHAN. Can you hear me? Hello. Can you guys hear me? Yes?

Mr. CASTRO. Yes, we can hear you.

Ms. HOULAHAN. Excellent. Excellent.

I really want to direct my question, the first one, to Dr. Shah. One of the things that excites me most about the new committee has to do with its emphasis on global corporate social responsibility and interest. And my question is, considering kind of the power of the for-profit sector of our economy and the global economy, how can we, Dr. Shah, help to drive corporate accountability for the social impact that many of our companies have the ability to have?

A lot of our companies, particularly when we speak to the pandemic and their opportunities to help on a global scale and to help address these issues, talk a really big game, but they do not necessarily follow through on it. And so, I was wondering if you might be able to comment on the importance of global social and environ-

mental responsibility on the part of the for-profit sector, if that is something that you might be able to comment on for us.

Dr. SHAH. Sure. Thank you for that question, and I am glad that that concept is built into the structure of this committee.

It is true that there have been a number of different efforts to enable companies to, in a more systematic manner, report regularly on their performance on economic, social, and governance issues as it relates both to domestic and international priorities. And I think we need to continue to encourage and establish those types of standards of reporting.

And Rockefeller does a fair amount of this work, and as a social investor, is also actively investing in ESG or companies that claim to do better on economic, social, and governance issues. The challenge there has always been transparency and reporting. So, a company that pays very low wages or contracts out much of its work, and avoids most labor protections in doing so, can also have a very attractive marketing campaign around a few special projects and create the impression that they are doing well across all these issues.

There are some indices out there. In particular, JUST Capital is a platform that I think is doing very good work on creating indicators and rankings of companies, in that case across the Russell 1000, that is a more sophisticated way of understanding corporate social responsibility and impact related to it. And I think an outstanding path forward for our country would be having some of those types of more serious reporting requirements built into corporate accounting very broadly and required in one form or another.

Ms. HOULAHAN. I really appreciate that, and I appreciate the connection that we have today and hope to be able to followup with you on this particular subject.

And I know I have a short amount of time. So, if it is OK, I would like to send this one over to a different subject which I am very passionate about, which is women and girls. This pandemic has been really devastating to everyone, but I think particularly to women and girls across this country and the globe.

I was wondering, what is the most important thing that we can be doing with USAID to address the gender and

[audio interference] of this pandemic? Where should we be focusing our efforts on both issues? Perhaps we will start with Ms. Glick.

Ms. GLICK. Sure. And thanks for the great question and for that genuine level of concern.

We know that women and girls are the most vulnerable populations. And one of the things that is predicted to be one of the secondary or tertiary impacts of COVID-19 is going to be the impact that it has on livelihoods, on gender-based violence, and on basic education.

And the real concern is access, access to livelihoods for women, out-migration very often of their male partners to other countries in search of higher wages, and to girls in terms of access to education. One of the areas where USAID can make a difference, I believe, again, is in the provision of education through digital technology. We are seeing creative ways, working with important part-

ners like UNICEF, to bring education to internally displaced people, to refugee camps, using technology in a way that it has never been used before. So, there is keen awareness that the issues as they relate to girls, to their continuing education, to gender-based violence, as well as to the needs for women to be active and engaged in the marketplace, are really felt within USAID, I believe.

One of the areas, too, where the United States shines, and USAID really shines, I will say, is in the delivery of the maternal and child health systems around the world. Because of the investments that have been made by the United States, more and more women and girls have access to health care and family planning.

One of the other areas where we have made investments, and this Congress is upping those investments, is with GAVI, the global vaccine alliance, and ensuring that children have access in some of the poorest countries to vaccinations, which will allow us to move from those levels of malnutrition and poor health as children into healthier young adults, and then, into engaged members of the economy.

Ms. HOULAHAN. Thank you. I really appreciate it. I know I have run out of time, but I did want to put focus on the importance of health in women and girls, and I look forward to reintroducing my bill on funding the UNFPA again.

And with that, I yield back.

Mr. CASTRO. Thank you, Ms. Houlahan.

And that concludes the questions from our Members of Congress to our witnesses.

I would like to thank everyone again for joining us for our subcommittee's first hearing. And I would particularly like to thank our witnesses for their expert testimony. You have given this Congress a lot to consider as we seek to rebuild our Nation's international development capacity and work force.

For the past year, the COVID-19 pandemic has done much to expose and widen the fractures in societies around the world. Even as the pandemic causes new challenges for U.S. development policy, we find that American leadership in this space is more necessary than ever.

I trust that the work force of USAID and the State Department are up to the challenge, and I am committed to ensuring that this Congress provides them with the support they need.

Working together with international partners and organizations, I am confident we can build a safer, healthier, and more prosperous world for all of our people, and in so doing, ensure the safety, health, and prosperity of our own nation. And we look forward to the work ahead.

Thank you.

And with that, we are adjourned.

[Whereupon, at 11:29 a.m., the subcommittee was adjourned.]

APPENDIX

**SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS**

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

**Subcommittee on International Development, International Organizations and Global
Corporate Social Impact**

Joaquin Castro (D-TX), Chair

March 3, 2021

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Subcommittee on International Development, International Organizations and Global Corporate Social Impact in Room 2172 of the Rayburn House Office Building. Members who wish to participate remotely may do so via Cisco WebEx. The hearing is available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>:

DATE: Wednesday, March 10, 2021

TIME: 10:00 a.m., EST

LOCATION: 2172 Rayburn House Office Building

SUBJECT: A Year into the Pandemic: The State of International Development.

WITNESSES: The Honorable Rajiv J. Shah
President
Rockefeller Foundation
*(Former Administrator, United States Agency for International
Development)*

The Honorable Bonnie Glick
Senior Advisor, The Center for Strategic and International Studies
Fellow, Harvard Kennedy School of Government Institute of Politics
*(Former Deputy Administrator and Chief Operating Officer, United States
Agency for International Development)*

*NOTE: Witnesses may be added.

By Direction of the Chair

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

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COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENTS, INTERNATIONAL ORGANIZATIONS AND GLOBAL CORPORATE SOCIAL IMPACT HEARING

Day Wednesday Date 3/10/2021 Room 2172

Starting Time 10:05 am Ending Time 11:28 am

Recesses 0 (to) (to) (to) (to) (to) (to)

Presiding Member(s) Chairman Joaquin Castro

Check all of the following that apply:

Open Session [x] Electronically Recorded (taped) [x]
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To select a box, mouse click it, or tab to it and use the enter key to select. Another click on the same box will deselect it.

TITLE OF HEARING: A Year into the Pandemic: The State of International Development

SUBCOMMITTEE MEMBERS PRESENT: See attached hearing attendance form.

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.) None

HEARING WITNESSES: Same as meeting notice attached? Yes [x] No []
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.) SFR- Omar

TIME SCHEDULED TO RECONVENE
or TIME ADJOURNED 11:28 am

Clear Form

Note: If listing additional witnesses not included on hearing notice, be sure to include title, agency, etc.

JV Subcommittee Staff Associate

WHEN COMPLETED: Please print for subcommittee staff director's signature and make at least one copy of the signed form. A signed copy is to be included with the hearing/markup transcript when ready for printing along with a copy of the final meeting notice (both will go into the appendix). The signed original, with a copy of the final meeting notice attached, goes to full committee. An electronic copy of this PDF file may be saved to your hearing folder, if desired.

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AND GLOBAL CORPORATE SOCIAL IMPACT HEARING*

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