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Hearing

on

FY2027 Budget Request: State Department Adjacent Entities

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Testimony of Sara Aviel, President & CEO, Inter-American Foundation

Chairman Mast, Ranking Member Meeks, and Members of the Committee, thank you for the opportunity to testify on behalf of the Inter-American Foundation and share how we advance US interests and align with the Administration's agenda. I want to thank the Committee for its ongoing bipartisan support and recognition of the agency's unique value in the U.S. strategic toolkit.

The Inter-American Foundation's mission is to advance U.S. national security interests by catalyzing locally-led development across Latin America and the Caribbean. Local communities across the region partner with us because we have common cause: to keep transnational criminal organizations from preying on families, to build up trade and tourism connections, and to enhance stability for anyone living in or conducting business throughout our region. Ultimately, communities with greater prosperity and capacity are more resilient and less vulnerable to Chinese influence, trafficking, violence, pressures to migrate northward, and other challenges that can spill over and affect the United States and its people.

We award right-sized, multi-year, flexible grants, blended finance, and technical assistance to farmers' associations, faith-based organizations, small business incubators, and other local organizations that have designed effective programs tailored to local contexts that advance U.S. strategic priorities. Our grants average around \$350,000 over four years. We embed monitoring and auditing throughout the project cycle, ensuring both programmatic and financial accountability. IAF technical assistance strengthens community organizations' management, programming, and financial sustainability so they continue driving impact for years beyond the end of U.S. assistance. In fact, in a recent evaluation by C230/Mathematica on the trajectory of former grantees after their IAF funding ended, 81% of former grantees surveyed reported that IAF support contributed to meaningful and lasting organizational capacity development, and 86% managed to diversify their funding, helping them continue delivering results over time.

The IAF was created by Congress in 1969 and launched by President Richard Nixon as part of reforms to reduce aid dependency by localizing foreign assistance and partnering with the private sector. Congress designed the IAF as a nimble agency with fewer bureaucratic barriers to act than larger agencies. If the Department of State is an ocean liner, carrying forward the weight of the United States' foreign policy strategy, the IAF is a speedboat that can carry us to particularly hard-to-reach places at a tiny cost commensurate with our size. Several of the IAF's most strategic intervention areas are literally reachable only by speedboat. For example, Brazilian IAF

grantee Fundo Indigena do Rio Negro (FIRN) is working with Indigenous Yanomami riverside communities on the border between Colombia and Venezuela, deterring the advancement of illegal drug routes and illegal Chinese-backed mining projects.

Programmatic Impact

The IAF model is based on the common sense idea that the people whose lives will be directly affected by development efforts know best what they need and how to do it. Over five decades, we have backed this idea by partnering with about 5,800 community-led organizations across the hemisphere. We search for organizations that effectively represent and deliver for their communities on what matters to them and that align with US interests, and we maintain an unwavering expectation of results.

We track the performance of each grant continuously, adjusting grant activities according to in-process results to capitalize on early evidence of success or to address emerging challenges in the surrounding context. We define the results we expect to see up front, monitor progress against expected goals every six months, and assess overall outcomes at closeout. Over the years, about 85% of grantees have met or exceeded what they set out to do.

We hold country portfolio reviews each year, assessing aggregate outcomes for each country and how well the portfolio reflects emerging priorities, and identifying any adjustments to further ensure alignment with emerging priorities and opportunities.

We carry out strategic program evaluations to inform our programming. For example, an independent evaluation of grantees generating local economic opportunities for youth in Guatemala and Honduras found that effect was enduring, with former participants indicating a 77% reduction in intention to migrate.

Evaluations of the IAF over the years have consistently corroborated that our work is highly impactful and enhances the reputation of the United States. The Center for Effective Philanthropy has independently surveyed IAF grantees since 2011. Grantees anonymously scored the IAF in the top 1% of a comparison group of more than 300 private-sector funders for making a positive impact on grantees' areas of work, promoting meaningful local change that sends ripple effects throughout the region. According to 70% of grantees, working with the IAF directly improved their perception of the United States. Many leaders from IAF grantees have brought these positive experiences working with the United States to subsequent influential positions as heads of state, cabinet ministers, state assembly members, mayors, and city council members.

IAF's Comparative Strategic Advantages

Congress founded the IAF as an alternative to traditional international foreign assistance, creating a model that is uncommonly agile for a federal agency. The institutional autonomy envisioned by Congress remains one of our greatest strengths, allowing us to serve as a flexible partner to other U.S. government agencies and the private sector. We can quickly respond to opportunities and provide support in hard-to-reach places.

We can pivot IAF programming to deliver the highest return for U.S. national interests and initiatives. When Venezuela collapsed under an authoritarian regime, we quickly supported communities across ten countries in the region working to integrate Venezuelan migrants searching for a new home. When during the first Trump Administration, Ivanka Trump spearheaded the Women's Global Development and Prosperity initiative (W-GDP), we prioritized funding to local organizations expanding opportunities for women to participate meaningfully in their economies. Following Hurricanes Eta and Iota in 2020, the IAF provided \$1.8 million to organizations across eight countries, which was more than matched by coinvestment from a range of philanthropic partners to support grantees in repairing water systems, providing access to credit, and strengthening emergency preparedness.

We can harness the funds and expertise of U.S. private sector companies and foundations to strategically complement other efforts across the U.S. government. One of our advantages as an agency is the power to convey tax deductions for donations to us.

We can engage in inter-agency agreements that can take programming by other U.S. government agencies to the "last mile" by reaching geographic areas and populations that other agencies cannot to propel the lasting transformation envisioned by the Administration.

Designing foreign assistance to respond to local needs and priorities is good development practice. It also insulates our work from capture by partner governments, in-country elites, or international organizations that might be overhead-heavy or have an ideological leaning, common failings from other forms of foreign assistance that Congressional stakeholders on both sides of the aisle have recognized. We work directly with communities who are fundamentally pragmatic, whose goals are measured in the number of kilos of coffee exported to U.S. businesses or water tanks installed. By design, our programs are 100% locally-led, which means that they respect local religious and traditional values.

Cost Effectiveness and Return on Investment

The IAF is cost-effective by design. Rather than working through D.C.-based implementers or international non-governmental organizations that can add layers of overhead costs, the IAF directly funds the initiatives of local organizations led by innovators, faith leaders, and entrepreneurs working to make their communities and the region as a whole safer, stronger, and more prosperous. By working with in-country contractors rather than maintaining costly in-country brick-and-mortar offices, the IAF's costs for a strong presence on the ground have averaged less than 3% of the total amount of grant funding they oversee over the past three years.

We are also cost-effective through serious efforts to prioritize operational efficiency. Soon after I joined the IAF as President & CEO in 2022, I started implementing cost-saving measures across the agency, a direction I have further emphasized in response to congressional and Administration guidance. We reduced staffing by more than half since 2023, and secured a nearly 40% reduction in lease costs in 2024, while faithfully adhering to the return to office mandate.

We have also deliberately adopted practices that leverage additional private funding to expand our impact. We require grantees to have “skin in the game” and they more than match our funding with their own cash and in-kind resources, mobilizing \$1.37 on average for every \$1 contributed by the IAF. In FY 2024, this amounted to \$200 million across the entire active portfolio. In addition to the coinvestment leveraged by each grant, we partner with U.S. and regional companies, philanthropic organizations, and donors. These private funders often share that they use IAF funding as a seal of approval given our strong vetting and track record of results. Increasingly, they are entrusting us with their resources directly. Over the last four years, the agency brought in \$6.3 million from corporate and philanthropic partners in institutional private sector revenue.

Finally, the IAF is also cost-effective by funding prevention measures that obviate the need for more expensive interventions downstream. For example, community-level violence prevention can reduce the flow of migrants and asylum seekers to the U.S. border. Trade partnerships can secure U.S. supply chains and build durable commercial relationships with U.S. businesses. Stability programming in the Caribbean and Central America can protect U.S. citizens, tourism investments, and business interests that would otherwise face escalating security and economic costs.

Transparency and Accountability

Transparency and accountability underpin all of the IAF’s practices, which are designed to maintain command and control over the U.S. funding we administer. The IAF carefully vets each organization before considering them for a grant with at least two reference checks, in-person preselection visits, clearance from the U.S. Embassy in-country to ensure alignment to U.S. policies, and System for Award Management certification that organizations are not on watchlists or accused of unlawful violations. IAF staff monitor each grantee by reviewing progress and financial reports every six months. The IAF verifies grantee performance through visits by in-country contractors on the ground. Far exceeding the U.S. government requirement to audit grants starting at \$1 million annually, the IAF audits every grant of over \$125,000 spread over a period of multiple years. The IAF’s Grant Oversight Committee addresses issues of noncompliance with grant agreements, responding according to the severity of the issue from requiring grantees to take mitigation steps up to terminating the grant agreement early. This strong oversight ensures that every dollar is accounted for and protected from misuse.

IAF’s Bipartisan Support

That we have stayed true to our mission, delivering results while committing to cost effectiveness, transparency, and accountability, has earned the agency strong bipartisan support across seven Republican and four Democratic administrations.

Both the House Foreign Affairs Committee and the Senate Foreign Relations Committee passed bipartisan resolutions celebrating the IAF’s 50th anniversary in 2019. Congressmen Chris Smith and Albio Sires co-sponsored a resolution (H.Res.649) commending the IAF for exemplary contributions in promoting economic development, democracy, and peace in Latin America and the Caribbean, and affirming the importance of the IAF in fostering trust and goodwill as the

United States seeks to continue engagement in a complex area of the world. Senators Marco Rubio, Ted Cruz, Ben Cardin, and Tim Kaine co-sponsored a resolution (S.Res.297) recognizing that the Inter-American Foundation advances the foreign policy of the United States Government and contributes directly to the national interests of the United States, creating a network of innovators and leaders who are positively disposed to the United States, better positioned to partner with U.S. actors, and have gone on to leadership roles at the local and national levels.

We have consistently advanced the bipartisan priorities of Congress and successive Administrations while steering a course through the political complexities of our neighboring region for more than half a century, and stand ready to continue.

Alignment with the Administration's National Security Strategy in FY 2027

We recognize that the foreign assistance landscape has shifted. There is a higher standard for evidence that our work is directly improving American lives and we are working hard to meet that higher bar. Producing those direct, demonstrable benefits requires a sharper focus in our programming and closer collaboration and alignment across U.S. government agencies.

The United States has committed to dedicating 20% of its total assistance resources to America First assistance in our hemisphere, advancing U.S. priorities and further demonstrating American leadership in our region. The new National Security Strategy is clear about the Administration's priorities for the Western Hemisphere: stop illegal and destabilizing migration, neutralize cartels, nearshore manufacturing, and develop local private economies, among others. The IAF has the expertise, networks, and evidence-based approaches to drive these priorities forward.

I was grateful to see that the FY 2027 House Appropriations Bill for the National Security, Department of State, and Related Programs Subcommittee recognized our value by authorizing a transfer of funds from the National Security Investment Programs account, building on the strong bipartisan support we received in final FY 2026 appropriations. This transfer would represent less than 0.2% of the \$6.8 billion FY 2027 appropriation for NSIP.

IAF staff are connecting with counterparts in U.S. embassies and other U.S. government stakeholders to ensure that resources will be deployed where they will deliver the greatest possible alignment and value. The IAF has also been actively coordinating with State Department colleagues on specific priority initiatives ranging from transnational criminal organizations to food security.

Further demonstration of IAF's alignment is our new Strategic Plan, shaped in response to priorities highlighted across this Administration and Congress. The strategy more fully aligns the IAF's congressional mandate with the Administration's America-First foreign policy by focusing the agency on the following strategic goals:

1. **Build sustained U.S. influence and appeal** as the Hemisphere's top economic and security partner by empowering communities to counter Chinese influence and stem engagement in illicit activities led by cartels, gangs, and other destabilizing actors.

2. **Create viable economic opportunities** to increase mutually beneficial trade with the U.S., address supply chain issues with U.S. businesses, and reduce migration by fostering prosperous, stable communities in the region.
3. **Address violence and insecurity** at the family and community levels to decrease migration, prevent corruption, and create alternatives to recruitment into transnational organized criminal activities.
4. **Integrate migrants and displaced populations** into communities throughout Latin America and the Caribbean, creating opportunities for them south of the U.S. border.
5. **Promote stability, resilience, and long-term recovery** in the face of natural disasters and other crises throughout the region to prevent potential spillover effects on the United States and its people.

With FY 2027 funding, the IAF would work towards these goals, in coordination with other U.S. government agencies and stakeholders, as follows:

Expanding trade and economic opportunity: The IAF has a track record of connecting community-level producers to U.S. supply chains in coffee, cacao, organic products, and other goods not produced domestically, creating tangible value for U.S. businesses while reducing the economic pressure that drives migration. For example, IAF grantee Asociación de la Agricultura Agroecológica del Paraguay Oñoirũ supplies U.S. company Yerba Madre with the leaves to make their caffeinated drinks. The agency plans to continue strengthening this sector, with particular potential in Honduras, Guatemala, and across the Caribbean, and elsewhere that may be of interest to U.S. businesses to further cement the flow of benefits to the U.S.

Countering adversarial influence: The IAF is positioned to continue supporting communities in countries like Bolivia, Argentina, Peru, and Brazil where Chinese economic penetration in critical mineral supply chains, infrastructure, and the agricultural sector is creating dependencies that undermine U.S. strategic and commercial interests. With nearly 6,000 current and former local IAF grantees across the region, the IAF has relationships in place to increase U.S. engagement. The IAF has already given local communities the tools to share their priorities constructively with local governments, enabling them to counter Chinese projects that have a negative impact on their communities. Bolivian IAF grantees including Fundación Ecotop and Fundación Red Nacional de Acción Ecológica, have led municipal efforts to oppose illegal gold mining by Chinese firms. As a result, local governments passed additional laws to prohibit this illegal mining.

Addressing violence and insecurity: The IAF will continue to work at the community level to complement law enforcement efforts. IAF grantees will continue helping youth find ways of making a living that could reduce their incentives to engage with cartels and gangs in Mexico and Central America, funding organizations like the IAF grantee in El Salvador (Asociación Intersectorial para el Desarrollo Integral de la Juventud de El Salvador) that successfully reduced risk factors associated with involvement in gangs for 30% of youth participants. By funding networks of local faith-based organizations that can work in contexts where few others can, the IAF will increase security and reduce drivers of migration in areas of Mexico, Ecuador,

Colombia, and Central America characterized by high violence and narco-trafficking activity. The IAF will continue investing in community-led organizations that patrol border territories and report criminal activity, promote licit livelihoods, and substitute coffee, fruit, or other crops for coca in Central and South America, such as Empresa Cooperativa del Sur del Cauca (COSURCA), which successfully eradicated more than 560 acres of illicit crops.

Reducing northward migration: The IAF will continue supporting its grantees dedicated to creating opportunities for populations to stay in the region. Grantees in Central America will continue building on its programming that positions youth to forge a future for themselves in their own countries. And grantees across the region in communities with inflows of Venezuelan and other displaced populations, will continue finding ways to help these populations land and create new roots, keeping populations south of the U.S. border. The IAF previously operated in Venezuela and is actively reviewing whether reentry makes sense in alignment with U.S. national interests.

Enhancing resilience and crisis response: The IAF will continue to prioritize meeting needs in the Caribbean, where the combination of Chinese influence, disaster vulnerability, and economic fragility creates direct spillover risks for the United States, including migration pressures and threats to U.S. tourism and business interests. Haiti represents a particular area of priority: the IAF has had conversations with the State Department about how its direct, community-based model can be effective in stabilizing communities, reducing migration pressure, and countering the influence of destabilizing actors.

Conclusion

In the words of Secretary of State Rubio in January of last year, “Making America great again also means helping our neighbors achieve greatness. The threats Mr. Trump was elected to stop are threats to the nations of our hemisphere as well. We share a common home. The safer, stronger and more prosperous that home becomes, the more all our nations stand to benefit.”

In that spirit, the IAF is poised to continue advancing U.S. interests in the region by supporting the resourcefulness and resilience of local communities. This is the mandate with which Congress charged the Inter-American Foundation over five decades ago, and it is as important and relevant today as ever.

Thank you for the opportunity to testify. I look forward to your questions and to discussing how the IAF can continue to serve as a force multiplier for American interests across the Americas.