



**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.”***

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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-its-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 as 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 as 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-mideast.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.csis.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>