

CONGRESSIONAL TESTIMONY

COMMITTEE: House Foreign Affairs Committee, Oversight and Accountability Subcommittee

HEARING: “Money is Policy: Assessing Shortcomings in the State Department’s Foreign Assistance Grants Process”

DATE: June 4, 2024

WITNESS: Mr. James Richardson

Mr. Chairman, Ranking Member, and distinguished members of this Committee,

Thank you for the opportunity to discuss U.S. foreign assistance, specifically grants at the U.S. Department of State.

Foreign assistance has the potential to be a force multiplier for U.S. security and economic interests while also positively impacting the lives of millions around the world. When done correctly, our foreign assistance demonstrates the best of America and enhances our foreign policy and economic goals. Foreign assistance is not charity. It should never be used to advance ideological or personal agendas. It should only be used to advance the national security goals of the United States.

I began my career on Capitol Hill, spending 15 years working in the Senate and the House. Later, I had the honor of leading one of the largest reorganizations of the U.S. Agency for International Development (USAID). We transitioned to a data-informed, goal-oriented approach, and realigned our structure, people, and systems to match. After USAID, I served as Director of the Office of Foreign Assistance at the State Department, where I coordinated assistance across USAID and the State Department on behalf of the Secretary of State. I ensured the alignment of budget, policy, and performance.

Let me make a disclaimer: While this hearing is a deep dive into the world of grants, the problems I will discuss today cannot be relegated to grants alone. We find similar issues

with contracts and awards to international organizations, including the United Nations Family.

I suspect this committee has seen that U.S. foreign assistance efforts don't always meet our expectations. I have seen grants that undermine our closest allies, promote activities inconsistent with the culture or religion of partner nations, and fund projects that do not advance America's national security interests.

The world of grants at the State Department is complex. Unfortunately, we often don't know where we're going, how we'll get there, or when we'll arrive. Part of the challenge is having too much money in the system, part is over-politicization, and still another part is that foreign assistance is not only complex – it can be downright hard!

Clear Goals and Objectives.

First, as with every journey, we must know where we're going. Grants should be aligned with the United States' key priorities and national security interests. To do that, we need clear objectives.

When I led the USAID Transformation, we focused on clearly identified goals and metrics for success on a macro level. We created country-level roadmaps that clearly articulated the development needs of recipient countries. Even more importantly, we identified the point at which “success” would be achieved and assistance would end. For instance, during the Trump Administration, USAID identified two countries that had progressed past the need for additional assistance, so we worked to end our programs with those two countries and focus on more pressing requirements.

Another example is the Millennium Challenge Corporation. When created by Congress during the George W. Bush administration, one of its hallmarks was the idea of clear goals and metrics—both when to enter a contract and what success might look like.

Unfortunately, the State Department's current approach is far too decentralized, resulting in a murky approach and a lack of direction. While there are requirements to align grants to Integrated Country, Joint Regional, or Functional Bureau strategies, I often found this to be perfunctory and rarely impactful. These strategies are five-year documents that can take a couple of years to develop. They are inherently evergreen and often do not reflect Administration priorities or country-specific development.

Grants at the State Department are also stove-piped, with little socialization and engagement across the enterprise. Functional bureaus do not always engage regional bureaus, embassies, or other U.S. government agencies doing similar work (such as USAID). This results in inherently less-impactful programming. The best ideas have broad engagement and broad buy-in.

Designing for Success.

The next step is designing the Notice of Funding Opportunities (NOFO), which provides the roadmap for achieving the objectives.

During this process, we decide what type of grantee we want and what metrics will indicate success. Recently, and all too often, NOFOs seem to be written to appeal to specific groups with specific ideological bents – in particular for more progressive and nonlocal organizations. This can generate outcomes incompatible with good diplomacy as the values and ideas inherent in these grants can fundamentally be at odds with the local culture where they are intended to be implemented. This can alienate our partner countries, hamper development, and hinder U.S. strategic goals in the region. This was seen clearly in the infamous grant to track human rights in Israel – one of our closest allies - or to promote atheism in allied Muslim countries.

Furthermore, politicizing foreign assistance, which already has low support from the American people, is unwise. I would argue that it is important for us to return to a more traditional diplomatic and development approach—that is, focusing our attention on real national security priorities.

Monitoring and Evaluation.

Finally, I want to discuss outcomes and metrics. To accomplish anything, we need to know when we will have succeeded. Too often, our grants do not meet common-sense monitoring and evaluation standards.

For example, grant awardees essentially write their own Monitoring and Evaluation (M&E) requirements. This results in weak performance standards that rarely—if ever—include an impact assessment. And monitoring in the field is often non-existent. State Department officials rarely venture from the capital city to see the progress of

America's investments. Part of the challenge is the amount of funding in the system; another part is structural and cultural issues at the State Department.

From a macro perspective, the problem is worse. Requirements are focused on inputs and outputs rather than outcomes. The State Department is pretty good at tracking inputs. How much money is put towards a specific grant, and then aggregated to a sector. Most Bureaus can tell you whether that grant was used for the intended purpose—to purchase books or to run a specific program (outputs). However, we fail to track whether the US Government is having the intended impact in the country or sector we are trying to reach. Or whether that type of program funded is the most impactful approach.

That doesn't have to be the case. The current M&E standards are very flexible. Good things can happen if a funding office is engaged and exacting. Too often, however, only the bare minimum is done.

To that end, awardees should not write their own M&E requirements. Instead, a team of professionals in and out of the associated funding office/bureau should draft them as part of the development and review process.

Conclusion.

I'll close with this:

America is not alone on the foreign assistance stage. We are competing with nefarious and self-serving actors, including the Chinese Communist Party. The CCP knows exactly what it is trying to achieve with its foreign assistance-like efforts, from capturing strategic ports to controlling rare earth metals. There is no confusion or lack of focus on their part. Our foreign assistance efforts are inherently more noble than the CCP's, but we owe a better system to the world and the American people.

I appreciate the Committee's effort to dig into the State Department Grant process. If we get this right, we will not only direct our resources in a manner that advances America's national security, but also significantly improve our diplomatic efforts and achieve the best possible outcomes at home and abroad.

Again, thank you for holding this hearing. I look forward to answering any questions.