



Remarks for the Record

The Honorable Ted Yoho (Former Member of Congress and CDR Co-Chair)

House Committee on Oversight and Accountability

Subcommittee on National Security, the Border and Foreign Affairs

“Accountable Assistance: Reviewing Controls to Prevent Mismanagement of Foreign Aid”

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Chairman Grothman and Honorable Committee Members: I ask respectfully for consideration to have this testimony submitted into the record.

This hearing topic is a deeply valuable and timely one given the growing \$34 trillion national debt. Our nation is in a fiscal crisis, and the members of this committee are to be commended for ensuring that all spending on foreign assistance programs is scrutinized and that the American citizens’ money is used effectively.

I served in Congress for eight years from 2013-2021, and served both on the House Agriculture and Foreign Affairs Committees. While I came to DC with the goal of purging foreign assistance spending, I came to realize in short order that there are some very good programs, that effective foreign assistance is a critical tool in advancing U.S. interests abroad, and that not all aid programs are created equally.

In fact, there are some exceptional programs that have had major impacts on recipient countries, while others have kept playing like a broken record, repeating themselves without finishing the tune or job. There are economic growth programs focused on major infrastructure projects like roads, airports, commerce and manufacturing centers to create jobs and to lift people out of poverty. And there are health, development and humanitarian programs that save lives and provide the U.S. with increased soft power and diplomatic influence.

While I served in Congress, our team wanted to make foreign assistance programs better and more effective while eliminating poor performers. My fundamental goal was to create smart, accountable foreign assistance programs that help put countries on a path from “aid to trade.” I believe we should maintain our commitments to effective humanitarian and global health programs that are saving millions of lives. But the only way to end the cycle of perpetual foreign aid is to focus on promoting economic growth, good governance and stability in order to empower countries to lift themselves out of extreme poverty and to set their own future course.

U.S. assistance can help create the conditions for economic growth and play a critical role in de-risking a country or project, thus incentivizing private sector capital flows. This helps create an economic foundation for job creation in the recipient country.

Examples of successful and effective economic-growth centered programs are the Development Finance Corporation (DFC) and the Millennium Challenge Corporation (MCC). DFC's predecessor institution, the Overseas Private Investment Corporation (OPIC), was a foreign assistance program created in the 1970s. With a failure rate of less than one percent, OPIC returned money to the U.S. Treasury every year since its inception, generating over \$6 billion total in reserves. Our team took this model and modernized it to create the DFC, which was established by the bipartisan BUILD Act I co-led with Congressman Adam Smith in the House and with Senators Bob Corker and Chris Coons in the Senate. The BUILD Act was signed into law by President Trump in October 2018, and the new and improved agency was launched in January of 2020.

Congress gave the DFC expanded and modernized financial tools to significantly enhance the agency's capacity to increase its development impact and advance U.S. foreign policy interests. The DFC is now investing three times the annual amount that OPIC was in major infrastructure projects across many different sectors and countries. It has had a failure rate of less than 1%, while significantly scaling up its reach and development impact. It has a strong project review board to ensure only viable projects are supported and that monies are invested wisely and accounted for. In addition, it is the best tool the U.S. has to compete against China's Belt Road Initiative, which is active in more than 150 countries.

Another strong and effective program is MCC. Established by President George W. Bush and Congress in 2004, MCC is a uniquely effective foreign assistance program that deploys a new model whereby countries are only eligible for multi-year MCC compacts if they meet a high set of standards for democratic governance, free market economics and the protection of civil liberties. Those countries that meet MCC criteria are eligible for 5-year grant commitments focused on critical infrastructure (e.g. road, electricity, agriculture) that enable poverty eradication through economic growth. MCC has a project review Board of Directors that requires recipient countries to follow a country scorecard that is then used to hold these countries accountable. If a country falls back on or fails to improve on the metrics agreed to by that country, then those U.S. taxpayer funds are withdrawn.

Two examples of other soft diplomatic foreign assistance programs are the President's Emergency Plan for AIDS Relief (PEPFAR) and ready-to-use therapeutic food (RUTF). PEPFAR is the most successful humanitarian program on the planet and, like MCC, was created under the George W. Bush administration. PEPFAR has saved over 25 million lives through HIV/AIDS treatment and prevention and has allowed over 5 million children in Africa to be born HIV-free.

Similarly, RUTF, a food supplement containing high energy, protein and vitamins, has saved millions of children's lives around the world. Child malnutrition accounts for nearly 3 million deaths in children under the age of five globally each year, and the U.S. has been a driving force for reducing global child malnutrition over the last several decades. RUTF is the life-saving treatment for the most severe form of malnutrition, known as wasting, and this product is made in the U.S. and sourced with American agricultural products, such as peanuts, milk, sugar, and vegetable oils. The provision of 2-3 RUTF packets per day, at a total daily cost of less than \$1, for 6-8 weeks has a more than 90 percent success rate for bringing children suffering from wasting back to health. They can then grow and lead normal, productive lives.

Another critical area of our foreign assistance that I focused on during my tenure in Congress is U.S. participation in multilateral organizations. Like our bilateral assistance, not all multilateral agencies are created equally or achieve the same level of results and alignment with U.S. interests. I was the lead author of the Multilateral Aid Review Act, which would apply a scorecard to all multilateral organizations that receive contributions from the U.S. Government to ensure that these organizations are achieving value for money and that they share our core values and strategic objectives. This mechanism would be built on a similar model that was launched by the Conservative government in the UK more than a decade ago and which has proven very effective. A multilateral aid review process would ensure that U.S. contributions to multilateral organizations are achieving results and advancing U.S. national interests.

Two multilateral organizations that I learned about and then championed during my time in Congress are Gavi, the Vaccine Alliance, and the Coalition for Epidemic Preparedness Innovations (CEPI). Both of these organizations have broad-based donor pools, meaning that U.S. contributions are heavily leveraged, and both organizations have strategic missions and have achieved remarkable results. Gavi has provided routine immunizations to more than 1 billion children over the last two decades, preventing more than 17 million child deaths. Gavi has achieved this success by working with and shaping market forces to reduce the cost of the core 11-vaccine child immunization package from \$1500 to less than \$25 for participating Gavi countries. Gavi has also set all of its partner countries on a path to self-reliance, with every country paying for an increasing amount of their vaccines over time, including 19 countries who have fully graduated off Gavi assistance.

CEPI was created in the aftermath of the 2015 West Africa Ebola outbreak to pool sovereign and philanthropic resources together to overcome a market failure that was preventing the development of countermeasures for the highest threat pathogens, which pose epidemic and pandemic risks. CEPI played a critical role in developing leading COVID-19 vaccines, and it is now developing a library of countermeasures across 26 different viral families. CEPI has raised more than \$4 billion from more than twenty donors over the last seven years, with the U.S. Government only accounting for \$150 million of this total. In addition, CEPI has invested more than \$1 billion in dozens of U.S. bioscience research organizations, providing a significant boost to the U.S. economy. Gavi and CEPI are examples of the types of multilateral organizations that

provide strong value for money, are tightly aligned with U.S. strategic objectives, and should therefore enjoy strong U.S. support.

The bilateral and multilateral assistance programs that I have outlined in my testimony are examples of highly successful and effective foreign assistance programs. To help promote stability, prevent global conflict and to develop and deepen alliances through effective soft power, Congress should continue to support these programs. The best way for America to lead and cultivate friendships in the world is to make strategic investments in successful and effective foreign assistance programs and look at reforming or eliminating those programs that aren't performing well.

This subcommittee's work has a critical role in ensuring the American taxpayer is well served by our investments in foreign assistance. Its recommendations can make foreign aid programs perform better and, at the same time, identify the highest performing programs that deserve increased support.

Our nation's fiscal health has worsened significantly in recent years, and it will require both pragmatism and political courage to address the fundamental drivers of our spiraling national debt. Reducing the upward trajectory of discretionary spending is but one part of a holistic strategy to balance our federal budget, but we must review the entirety of the federal budget with a fine-tooth comb to identify cost savings. Foreign aid is no exception, so again I commend the committee for its oversight work, and I encourage it to look at effective foreign assistance as a tool and an investment that creates a net positive effect for our long term economic and national security.