

**U.S. Agency for International Development Administrator Mark Green
Testimony on the Fiscal Year 2019 Budget Request**

Introduction

Mr. Chairman, Ranking Member, Members of the Committee, thank you for this opportunity to discuss USAID's FY 2019 Budget Request.

The Fiscal Year (FY) 2019 request for USAID fully and partially managed accounts is approximately \$16.8 billion. This represents \$1.3 billion more than requested last year. It requests \$6.7 billion for global health and \$5.1 billion for economic support and development. In terms of USAID's humanitarian assistance, it requests over \$1 billion more than last fiscal year's request. In total, it requests approximately \$3.6 billion for International Disaster Assistance.

Meeting Priorities

Since I arrived at USAID in August, I had a chance to meet with many of you. We discussed many of the challenges in the world today, and you shared with me your priorities. Since then, we've been hard at work at USAID to advance those shared priorities and position the Agency for its crucial role in U.S. foreign policy.

Our work has been informed by many of the travels I have undertaken, meeting our teams and partners around the world. I have traveled to Ethiopia, Sudan, and South Sudan, where I saw USAID leading the world's response to the continuing humanitarian need in East Africa. In Ethiopia, I also saw our efforts to foster resilience to help that country withstand the future crises that very likely will come.

I have traveled to Mexico and India, where I met with our partners from both the public and private sectors. It was there that I saw glimpses of an exciting future for international development, where programs are more private-enterprise driven and our role is increasingly to use our skills, experience, and innovative know-how to help countries chart their own journeys to self-reliance and prosperity.

In Iraq and Syria, I met with some of our military leaders. Together, we toured Raqqa, and I learned more about USAID's joint effort with the State Department and Defense Department to restore essential services to communities newly liberated from ISIS. In Switzerland, the United Kingdom, and Germany, I met with international partners, including a senior leader from Israel's Foreign Ministry, to share some of the new innovations in programing and policy we are applying to our work in development and humanitarian assistance, and to discuss areas of future

cooperation. I also took the opportunity to encourage our fellow donors to take on a greater role in helping to meet the world's growing needs.

In Germany, I met with our Mission Directors from the Middle East and Africa -- as well as their counterparts from the State Department and DOD -- to discuss how we can strengthen interagency cooperation. At the Munich Security Conference, I heard Vitali Klitschko, the Mayor of Kiev, speak about Ukraine's fight for freedom and democracy. I was reminded that we, too, were once a young nation inspired by the hope of a democratic future, but also confronted by numerous challenges as we strived to build our republic. As I listened to Klitschko, I was immensely proud of the work that USAID does to support people, all around the world, like him and the heads of the Euromaidan movement who aspire to freedom and citizen-responsive governance.

In February, we announced USAID's new Mission Statement. It includes an explicit commitment to strengthening democratic governance abroad -- a priority that I know from our discussions you share. This commitment has informed USAID's work from our creation; and under my leadership, it will continue to do so. Our FY 2019 Request includes targeted investments in Europe and Eurasia that will support strong, democratic institutions and vibrant civil society, while countering the Kremlin's influence in the region. In Venezuela, we will support those who are working for a free and prosperous future. We have requested robust funding for our democracy and governance programs in Venezuela that support civil society, the democratically elected legislature, and a free flow of information there. And in FY 2019, we have requested funds to explore and implement more effective approaches to promoting ethnic and religious tolerance in Burma, including in Rakhine and Kachin States, and to help meet the needs of minorities in Iraq ravaged by ISIS, including those targeted because of their faith.

I have also met with people from across these United States. I have been to New York, Texas, Delaware, Iowa, and even my home state of Wisconsin. I have met with the Chamber of Commerce Foundation and spoken with business leaders, CEOs of American firms. All of them are eager to find ways to align with and enhance USAID's work, as well as invest in the rapidly growing markets that are most often the targets of our programing. I have met with researchers from American universities who are helping us tackle devastating challenges like the Fall Armyworm in Africa. I have also met with American implementing partners -- contractors and grantees, faith-based organizations and for-profits -- to explore ways we can improve our operations.

On top of all that, I have been "traveling" internally, leading a broad agency Transformation effort through which we are re-examining nearly every aspect of our operations and structures in order to make sure we are as effective, efficient, and accountable to American taxpayers as possible.

Overview: A Fiscally Responsible Budget for Challenging Times

Mr. Chairman, Ranking Member, and Members, this is the first time I have had the honor of presenting the President's Budget. However, it is not the first time we have met with your offices to review the needs we see in the humanitarian and development sectors. We have also reached out to you and your staff to discuss our growing work in conflict, post-conflict, and otherwise fragile zones. I note that this Request would fund important efforts, such as the urgent work we are undertaking to help communities newly-liberated from ISIS's evil reign by restoring essential services to places like Raqqa.

We acknowledge that this Budget Request will not provide enough resources for us to meet every humanitarian need or seize every international development opportunity. In truth, no federal budget in recent memory would be large enough to do so, and we would not suggest it wise to try to do so. We come to you with a Budget Request that aims to balance fiscal responsibility here at home with our leadership role and national security imperatives on the world stage.

Optimizing Resources and Results

Mr. Chairman, Ranking Member, and Members, we are committed to taking every prudent step to extend the reach and effectiveness of our taxpayer resources. We are working closely with the Department of State to encourage other donor nations and recipient countries themselves to increase their own contributions to the overall humanitarian and development effort. This includes efforts at strengthening domestic resource mobilization programs so that partners can more effectively finance their own development in the future. We are rethinking and streamlining our humanitarian assistance. We are taking steps to ensure our programs and procedures are more private enterprise-friendly so we can better leverage our resources, bring new ideas and partners to our work, and increase opportunities for American businesses. Through procurement reform, we are striving to become more flexible, and responsive and innovative in meeting humanitarian and development objectives, so our implementing partners can extend and improve the reach of USAID-supported initiatives. We are also striving to more closely align our resources with USG strategic needs, and are focused on measurement and evaluation to support that alignment. Finally, we are using the opportunity of our Transformation to ensure that our programs are of the highest quality and fully reflective of America's key foreign policy priorities.

Encouraging Others to Do More

As the President has said, “America first does not mean America alone.” We can and do embrace opportunities to partner with others and we expect others to do their part in tackling challenges that affect us all. Working with the State Department, we are using every opportunity to push our donor partners to do more in helping to mobilize resources -- including increasing their financial contributions.

To put things in context, in 2016, the U.S. provided nearly \$34.5 billion in Official Development Assistance (ODA), almost one quarter of all ODA. In terms of humanitarian assistance, the U.S. continues to be the largest single donor. Our leadership role as a donor is a point of pride. It is part of our national character -- our readiness to stand with other countries and peoples when crisis strikes. But leadership also means leading others to do more and setting the expectation that other donors will do their fair share to advance shared priorities, while also expecting improved performance by implementing partners, including the U.N., to maximize the benefit for recipients of assistance.

We’ve recently seen a number of key allies increase their ODA contributions. For example, the Republic of Korea has contributed significant amounts to shared priorities like Power Africa, global health security, and humanitarian assistance to Syria. It has increased its aid budget by 30 percent, a feat recently matched by the United Kingdom. Germany has become one of the world’s leading humanitarian assistance donors, providing a record \$2 billion in 2017 to assist people from places like Syria, Yemen, the Sahel, and Burma. And India, which not so long ago was itself a major recipient of traditional assistance like food aid, is boosting its contributions to key initiatives. Under Prime Minister Modi, India has become the fifth-largest donor to development and reconstruction in Afghanistan.

Domestic Resource-Mobilization

Another way in which we are working to make our resources go further is through our support for domestic resource-mobilization (“DRM”) projects. Through DRM, we help strengthen the capacity of our partner nations to finance and lead their own development programs. The Budget requests \$75 million for strategically-managed DRM assistance. From the date of my nomination hearing, and nearly every day since, I have said I believe the purpose of foreign assistance must be ending its need to exist. Our assistance should be designed to empower people, communities, and government leaders on their journey to self-reliance and prosperity. These initiatives can help our partners to cut down on fraud, corruption, and abuse. They will also ensure that our investments produce sustainable results; they will ensure that our partners’ ability to respond to the needs of their citizens will not fade away as our formal government support recedes gradually.

Our DRM assistance in the nation of Georgia is a good example of what can be achieved. USAID provided DRM assistance of \$12 million to Georgia over five years. The result was an additional \$4 billion in tax revenue from 2005 to 2011. By 2017, revenue had increased by 800 percent. As part of this effort, we helped streamline Georgia's customs process and make it easier for new businesses to register. We supported efforts that created an electronic tax-filing system and fixed crippling flaws in the Georgian tax refund process. We also took steps to help them cut down on corruption -- encouraging "zero tolerance" policies, harsher punishments for violators, and new training programs.

Georgia's investment in their own development also grew. Pension and social-welfare spending increased by 700 percent. Education investment grew by 1,700 percent. Their government even introduced a crop-insurance program. In other words, through our DRM assistance, we helped an important partner accelerate its own journey to self-reliance and prosperity.

Strengthening Humanitarian Assistance

In Yemen, 17.8 million people -- the largest number in the world -- are facing severe food insecurity. In January alone, USAID's partner the World Food Programme provided critical food assistance to more than 6.8 million people. In February, after sustained high-level diplomatic engagement by the Department of State, USAID-funded mobile cranes became operational in Yemen's biggest and most critical port. These cranes are cutting the average time it takes to unload ships by as much as half, allowing food, medicine, and other necessities to reach people in need more quickly.

Providing humanitarian assistance in places like Yemen is central to our Agency's Mission, and a clear display of American generosity. It is also dangerous work, as witnessed by the January terrorist attack on Save the Children's offices in Afghanistan, in which four of our partners were brutally murdered, or the 28 aid workers who were killed in South Sudan during 2017. Our commitment to this work is reflected by the inclusion of our international disaster assistance to help alleviate humanitarian crises in our new Mission Statement. For years, the responsibilities of the two offices leading the bulk of USAID's humanitarian assistance -- Food for Peace and the Office of U.S. Foreign Disaster Assistance (OFDA) -- have sharply increased. While they have often coordinated, they have worked in parallel, with separate budgets, separate oversight, and different strategies. When you would visit a camp in the field, they would be together on the ground, serving the same community shoulder-to-shoulder -- one providing food, and the other tarps and blankets, often using the same partners.

Before I arrived at USAID, the Agency commissioned an assessment of our humanitarian programming, conducted by an outside firm, but led by career staff, which concluded, not

surprisingly, there were better ways to ensure the nimble, effective, and efficient delivery of our humanitarian assistance. The Request before you proposes to fund all of USAID's humanitarian assistance from one account, and imagines a day when USAID's humanitarian food and non-food functions are consolidated into a single entity within the Agency. This will ensure a seamless blend of food and non-food humanitarian USAID assistance, better serving our foreign-policy interests and people in need. In the end, we will have a shared strategy, integrated programs, and joint monitoring-and-evaluation systems that will provide greater efficiency and accountability for the American people. As part of our effort to consolidate USAID's humanitarian functions, we will also consolidate our whole-of-Agency efforts to strengthen partner resilience for improved food security. This will help break the cycle of recurrent and protracted crises, and reduce our own future humanitarian liabilities.

Strengthening Our Private-Sector Engagement

Fulfilling our responsibility to taxpayers is about much more than asking other donors to increase their contributions, helping countries to finance their own development, or streamlining our humanitarian assistance. In our case, it also means strengthening private-sector engagement through true collaborations. At USAID, we are reaching beyond contracting and grant-making. We are exploring the possibilities for co-creating and co-financing programs, tools, and initiatives with private-sector partners. We're embracing the ingenuity and the entrepreneurship that private-enterprise offers, and harnessing the efficiencies and effectiveness that private-sector competition and market forces can unlock. And this is something private-enterprise is eager to do alongside us. Additionally, we will partner closely with the proposed new U.S. Development Finance Institution, which will only succeed through strong institutional linkages with USAID, to further these efforts with financing tools, and have a whole of government approach to private sector engagement.

For example, in February, I met with the CEO of a large multinational company, and he expressed his eagerness to work with us in countries like South Africa, which, in part because of our work, are becoming more suitable for American companies to invest. This firm and others are eager to invest corporate funds in USAID-led initiatives, as well as apply entrepreneurship and enterprise-driven techniques, such as impact investing and blended-finance mechanisms, to development challenges.

Another example is the new "Smart Communities Coalition" that we helped create alongside MasterCard to modernize assistance to refugees and internally displaced persons. Traditionally, when a displaced family first arrives at a camp or settlement, humanitarian workers do their best to see that they are immediately registered and provided modest food, water, and medical attention. Residents receive services from twenty or more different humanitarian aid groups,

each of which uses their own unique method of tracking who received what service when. As you can imagine, this is a recipe for potential corruption and abuse.

Our partnership with the Smart Communities Coalition will transform this process for more than 600,000 people. Our implementing partners at the camps will harness the Internet and smart-card technology to do their jobs more efficiently, and at a lower cost. Displaced families will have better access to essential services, such as power. Just as important, in these “smart communities,” we will be better able to track our assistance, decrease fraud and abuse, and provide services more quickly and cheaply. This is the power of private-enterprise making us better at meeting our core mission.

Procurement Reform: Encouraging New Partners and New Partnerships

Yet another way in which we aim to make our precious funding go further is by using innovative procurement tools to increase competition among potential partners. In FY 2017, around 60 percent of USAID funding went to just 25 organizations. We are exploring new ways to harness new partners and ideas, and lower the “cost” and barriers to entry for potential partners as they come forward. We are encouraging entrepreneurship and ingenuity in program design, building out technical expertise in areas such as small grants, and embracing approaches that allow us to move more quickly in crafting initiatives and considering submissions.

For example, last Fall, when the Vice President announced the U.S. government’s intent to support persecuted religious minorities and other communities in Iraq, USAID was able to move from “ideas to action” by using a Broad Agency Announcement (BAA) -- a tool you have supported that can reduce lead times, allowing us to launch a competitive and collaborative research and development process rapidly to solve a specific challenge. We immediately invited the public to submit their ideas for pilot projects that would support the resettlement of ethnic and religious minorities in their ancestral homes. Within 10 weeks, we reviewed more than 100 submissions, and invited those with the best ideas to join us at a co-creation workshop. in Baghdad earlier this month. Coming out of the workshop, we will fund the most promising ideas, and, if the pilots are successful, we will consider ways in which they can be scaled up.

As another example, last Fall, I announced the world’s first Development Impact Bond (DIB) for maternal and child health-- USAID’s second overall DIB, and one of the world’s largest. Under this new model, private capital funds the initial investment, and USAID pays if, and only if, the carefully defined development goal is achieved.

In this case, we are working to strengthen maternal and newborn health care facilities in Northern India. Our partners at the UBS Optimus Foundation are raising capital from private investors to finance improvements to over 400 private health facilities. Teams at these 400

facilities will help appropriately train staff, and make life-saving equipment and medicines available. Each facility will then undergo a rigorous review process to ensure it has met the appropriate accreditation standards. If the facilities meet those standards, USAID and our matching partner, Merck for Mothers, will pay the UBS Optimus Foundation. The DIB allows us to incentivize results, and lessen taxpayer risk.

I am also working to ensure that our partners operate with the highest level of integrity and accountability. Last month, I met with representatives from InterAction, the Professional Services Council, and United Nations agencies to make clear to our partners that USAID will not tolerate sexual harassment or misconduct of any kind. In addition, our Executive Diversity Council recently met to take up this important topic. Coming out of that meeting, I directed the Agency's senior leadership team to take mandatory sexual harassment training, and asked them to communicate to our partners the seriousness with which we take this issue. I also formed a new Action Alliance for Preventing Sexual Misconduct, chaired by General Counsel David Moore, which will undertake a thorough review of our existing policies and procedures to identify and close any potential gaps, while strengthening accountability and compliance, in consultation with our external partners.

Transformation: Building Tomorrow's USAID

Being good stewards of taxpayer resources cannot be a one-time thing, or merely a set of steps aimed at a single budget. We need to undertake experience-informed, innovation-driven reforms to optimize our structures and procedures and maximize our effectiveness.

We are now working to roll out Agency-wide projects through the Transformation process that will help to institutionalize some of these ideas. This effort began in response to an Executive Order from the President, but, even if that had never happened, I would still have argued for the reforms we are planning. Over the last eight months, I and others at USAID have met with Congressional Committees and personal offices nearly 40 times to discuss our plans. Your input, and that of your staff, has been invaluable to our process, and I am deeply appreciative of your engagement and support.

Transformation includes many of the proposals I have shared today, including procurement reform, as well as streamlining our humanitarian assistance programing. It also includes working with the Administration on cross-cutting government reorganization proposals, such as the new U.S. Development Finance Institution and the consolidation of small grants functions and expertise into USAID.

To prepare for our work on Transformation, on March 9, Deputy Secretary of State John Sullivan wrote to inform me that USAID "should initiate its own hiring processes to accommodate the Agency's staffing needs." In line with that directive, we have officially lifted

our hiring freeze. Moving forward, we will use our Hiring and Reassignment Review Board to seek to align our workforce-planning with the Administration's priorities and our plans under the Transformation.

Another example of efforts we are undertaking through the Transformation are the metrics that we are developing. If the goal of our development assistance is to help partner countries create the commitment and capacity needed to take on their own development journey, we should focus our assistance on interventions that will best help them get there. We are working on metrics that will serve as mileposts to help us understand where our partners are going, and what role we might play in their journey.

These metrics are still a work in progress, and we will continue to consult with you as we develop them, but, if we are successful, they will make our programming more effective, and our foreign policy priorities better informed. The same is true for all of the work that is taking place through the Transformation effort. All of this is in service of helping our partners help themselves. All of it is to provide the proverbial "hand-up." And all of it points towards a world where foreign assistance is no longer needed -- a world where people are self-reliant, prosperous, and capable of crafting their own bright future.

Conclusion

Mr. Chairman, Ranking Member, and Members of the Committee, I believe we are shaping an Agency that is capable of leveraging our influence, authority, and available resources to advance U.S. interests, transform the way we provide humanitarian and development assistance, and, alongside the rest of the world, help meet the daunting challenges we all see today. With your support and guidance, we will ensure USAID remains the world's premier international development Agency and continues the important work we do, each day, to protect America's future security and prosperity. Thank you for allowing me to speak with you today, and I welcome your questions.