

STATEMENT OF SENATOR PATRICK LEAHY

Department of State and Foreign Operations  
Hearing on  
FY 2013 Budget Request for the  
U.S. Agency for International Development  
March 14, 2012

Welcome Dr. Shah and thank you for being here. This morning we will discuss the United States Agency for International Development's budget request for fiscal year 2013.

It has been a little over two years since you became USAID Administrator and began to address the serious cultural, management, and programmatic problems you inherited that have plagued USAID for years.

We appreciate your efforts. You are taking steps to improve efficiency and reduce costs, which are reflected in your budget request. USAID also has plenty to be proud of thanks to investments that have improved agricultural productivity, increased the enrollment of girls in school, and saved countless lives from malaria and other diseases – to name just a few examples.

We also recognize that, as much as we wish it were otherwise, as with any large government bureaucracy change does not come easily at USAID. In fact, I would say that after two years and lots of hard work, you are at first base.

Last year we included several provisions to support USAID's procurement reform. We have also asked for recommendations of other ways the Congress could amend the federal acquisition regulations, if they impose onerous or unnecessary requirements on USAID.

I have long voiced my concerns with the way a few large U.S. contractors and NGOs obtain the vast majority of USAID funding. Years ago I created the Development Grants Program, a small fund to support innovative proposals of small, mostly local NGOs. But USAID has done what it does too often – take a good idea and either fail to implement it or redesign it in such a way as to thwart the original intent.

I hope you can tell us what you expect from the changes to USAID's procurement process, because they need to fundamentally reform the way USAID does business. If these changes just end up shifting resources to big contractors in developing countries that is not the reform we seek.

Another concern is the sustainability of USAID projects. The World Bank recently analyzed the sustainability of non-security aid in Afghanistan and estimated that by 2014 between \$1.3 and \$1.8 billion will be needed just to maintain and operate the programs that are currently underway. The majority of those programs are funded by USAID.

There is no way that impoverished, corrupt government can come up with that kind of money even assuming it wanted to.

This concern is not limited to Afghanistan. "Sustainable development" became a popular slogan a decade or so ago, but slogans don't get you very far. USAID does a lot of good, but I worry that too much of what USAID does, while well intentioned, is not sustainable.

We also hear of innovative projects that USAID has not pursued because program officers are afraid to try something new and fail. I understand that, but we need to balance accountability of taxpayer dollars with a willingness to try promising new approaches to development. It may make less fiscal sense to continue funding projects that produce mediocre results, than it does to fund new ideas even if it means taking some risk.

Your fiscal year 2013 budget request for USAID operating expenses and programs totals slightly less than what was enacted for fiscal year 2012, including disproportionate amounts for Afghanistan and Iraq which, in my view, are more a reflection of wishful thinking than what can be effectively used.

Today we face similar fiscal challenges as we did last year. To those who think this budget is some kind of luxury or charity we can't afford, I would say take a look at the world around us.

Despite progress in many countries, billions of people live in conditions that would be condemned if they were animals living here, while corrupt leaders plunder the country's natural resources as if it were their personal bank account. As the Earth's population races towards 9 billion and the demand for food, water, land, and electricity outstrips supply, it does not take a rocket scientist to foresee what the future may hold.

We ignore these forces at our peril, and while USAID cannot possibly solve these problems alone we need to get the most for our money. I want us to work together to bring about the kind of transformative changes at USAID that this country, and the world, needs.

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