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United States Agency for International Development
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Subcommittee on National Security, Homeland Defense, and Foreign Operations
“USAID: Following the Money”
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INTRODUCTION

Thank you Chairman Chaffetz, Ranking Member Tierney, and members of the Subcommittee. I appreciate the opportunity to appear before you and thank this Committee for its attention to what I agree is a vital goal: a more efficient, accountable, and transparent government.

That goal is one President Obama, Secretary Clinton and I have all been working hard to achieve—one I made a top priority when assuming the role of USAID Administrator just seventeen months ago.

Prior to joining USAID, I was familiar with many of its historic successes—preventing wide-scale famine during the Green Revolution, promoting democratic transitions in Eastern Europe at the end of the Cold War, and saving lives through the pioneering of technologies such as Oral Rehydration Therapy—but I was also aware of its recent struggles. Across five decades, the Agency had been weighed down by bureaucracy and set back by staffing cuts.

REFORM

Throughout my time with the Agency, I have come to discover that USAID’s struggles were rooted in our processes, not in our people. For years, USAID had been operating without a central budget function or a policy shop. Onerous reporting requirements from Washington kept many of our officers behind their desks and demanded that our Missions focus on outputs at the expense of outcomes.

Those experiences, and the vital feedback of our staff, led me to institute one of the most sweeping sets of reforms USAID has undergone in its history—which we call “USAID Forward” – and which is an early outcome of Secretary Clinton’s Quadrennial Diplomacy and Development Review.

This ambitious reform effort is changing the way USAID does business – with new partnerships, an emphasis on innovation, and a relentless focus on results.

As a first step, we have reinvigorated the Agency’s policy capacity to serve as the intellectual nerve center for USAID, promulgating cutting-edge creative and evidence-based development policies and strategies and reintroducing a culture of research, knowledge-sharing and evaluation.

We are also rebuilding the Agency's budget planning capacity to ensure that we are effectively aligning resources against country strategies, and making difficult trade-offs in a constrained budget environment. This year alone, we made tough calls to eliminate bilateral development assistance to 11 countries, either because we deemed that corruption would undermine the effectiveness of our assistance or because rapid growth had made it unnecessary.

And at Congress' request, we are changing our business and procurement processes – contracting with and providing grants to more and varied local partners, and creating true partnerships to create the conditions where aid is no longer necessary. To achieve this, we are streamlining our processes, increasing the use of small businesses, building metrics into our implementation agreements, and using host country systems where it makes sense to do so.

At the same time, we have established new oversight structures and vetting systems to ensure our assistance is more accountable than ever – particularly in non-permissive environments or where we are contemplating direct government-to-government assistance.

Because we work in some of the poorest, most dangerous and difficult terrain in the world—from sites of active conflict in Yemen to extremely poor regions in Bangladesh and south Sudan—USAID is working hard to ensure we spend every tax dollar in the most effective, efficient and transparent way we can, even under constraints or threats of violence.

To address the unique circumstances of the operating environment in Afghanistan, where more than one hundred staff, implementing partners, and foreign nationals working on USAID projects suffered casualties in the last year alone, we put in place the Accountable Assistance for Afghanistan initiative to reduce subcontracting layers, tighten financial controls, enhance project oversight, and improve partner vetting.

But new, rigorous and accountable structures are not unique to our engagement in Afghanistan. Indeed, I recently stood up a division within the Agency dedicated to tracking contractor performance and compliance with U.S. federal requirements. And we are aggressively tackling these issues to be more proactive in regards to suspensions, debarments, or corporate administration agreements, as necessary.

In addition to this permanent unit, I have created a new suspension and debarment task force led by our Deputy Administrator and staffed with talent across our Agency. This task force will provide a coordinated effort to closely monitor, investigate and respond to suspicious activity.

A central component of our oversight is the close partnership we maintain with the Inspector General—who joins me here today—to rapidly identify and respond to fraud, waste and the abuse of taxpayer dollars. These efforts recently led to the suspension of one of our largest contractors, sending a clear message that we intend to hold all our partners to strict account.

But ensuring that each dollar we spend has the greatest benefit for the American people and our security, means changing not only how we partner with others, but how we hold ourselves accountable for real outcomes.

Through these reforms, we are establishing a world-class monitoring and evaluation program that will now allow us to accurately and rigorously determine the results of all our major programs—emphasizing the quantitative while not forsaking the qualitative. When programs are successful, we will look to scale them up. But when we learn that a program has not produced results warranting taxpayer money, we will scale it back or shut it down, and learn from our experience. In either case—success or failure—we will release the results of our evaluations publicly, within three months of their completion so that you, your colleagues and the American public can see the results of their investments.

RESULTS

With respect to the impact of our programming, I'd like to mention some of the work that rarely appears in the spotlight – namely, the programs that make up our core business lines: food security, global health, economic growth (including education), democracy and governance, humanitarian assistance, and climate.

Through our Feed the Future initiative we are helping countries develop their own agricultural sectors, so they can feed themselves—an effort that began under President George W. Bush. Through this Initiative, we will ultimately be able to help nearly 18 million people in 20 countries—most of them women—grow enough food to feed their families and break the grips of hunger and poverty.

And our work in global health will allow us to transform HIV/AIDS from a death sentence to a manageable disease for more than 4 million HIV-positive patients, reduce the burden of malaria by half for 450 million people and work to help prevent hundreds of millions of child deaths from preventable diseases by providing them vaccines and bed nets.

NATIONAL INTEREST

But whether we are working in Afghanistan or Zambia, we do so for one very clear reason: development is critical to our country's national security and economic prosperity. Development helps societies grow to be stable and prosperous, reducing the pull of extremism; it increases economic opportunities, by working to build markets for American goods and services; and it demonstrates America's moral leadership in the world.

As Secretary of Defense Gates, Joint Chiefs Chairman Admiral Mullen and General Petraeus have all emphasized, a fully engaged and fully funded national security effort includes the core components of our nation's civilian power.

And for us to be the best able, capable and effective partners to the military, we must ensure that we are investing time and resources not only where they are most not needed, but in a manner that best ensures their greatest impact.

In today's world, with the changing landscape in the Middle East and North Africa, the dynamic situations in Afghanistan and Pakistan and a youth bulge in Asia and Latin America that will have a dramatic impact, we cannot allow business as usual to trump vigilance and diligence.

I thank you for the opportunity to appear before the Committee today and discuss these crucial reforms. I hope this begins a dialogue about how we can continue to improve our work.

I look forward to answering your questions.

Thank you.



USAID
FROM THE AMERICAN PEOPLE

Biography of Dr. Rajiv Shah, Administrator

Dr. Rajiv Shah was sworn in as the 16th Administrator of the United States Agency for International Development (USAID) on December 31, 2009. USAID, a U.S. Government agency, has provided economic and humanitarian assistance worldwide for almost 50 years.

Previously, Dr. Shah served as Under Secretary for Research, Education and Economics and as Chief Scientist at the U.S. Department of Agriculture, where he was responsible for safe, sustainable, competitive U.S. food and fiber system, as well as strong communities, families, and youth through integrated research, analysis, and education. At USDA, he launched the National Institute of Food and Agriculture, a new scientific institute that elevated the status and funding of agricultural research to be more in line with other major scientific groups. He also produced innovative initiatives in bio-energy, climate, global food security, child-hood obesity, and food safety.



Prior to joining the Obama Administration, Shah served as director of Agricultural Development in the Global Development Program at the Bill and Melinda Gates Foundation. In his seven years with the Gates Foundation, Shah served as the Foundation's director of Strategic Opportunities and as deputy director of policy and finance for the Global Health Program. In these roles, he helped develop and launch the foundation's Global Development Program, and helped create both the Alliance for a Green Revolution in Africa, and the International Finance Facility for Immunization-an effort that raised more than \$5 billion for child immunization.

Originally from Detroit, Michigan, Shah earned his M.D. from the University of Pennsylvania Medical School and his Master of Science in health economics at the Wharton School of Business. He has attended the London School of Economics, is a graduate of the University of Michigan, and has published articles on health policy and global development. Shah previously served on the boards of the Alliance for a Green Revolution in Africa (AGRA), the Seattle Public Library, and the Seattle Community College District. In 2007, he was named a Young Global Leader by the World Economic Forum.

Dr. Shah is married with three children. He lives in Washington, D.C.