



**Oxfam**  
America

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**House Committee on Foreign Affairs**

**Full Committee Hearing:**

**"Foreign Assistance Reform in the Next Administration: Challenges and Solutions"**  
**April 23, 2008**

Thank you, Chairman Berman, for holding this hearing. Thank you as well to the distinguished Ranking Member Ms. Ros-Lehtinen for your opening comments. And I would also like to thank all the Members of the Committee who have made time for this hearing in your busy schedules.

Mr. Chairman, I would like to applaud your efforts in particular to put this issue on Congress's agenda. I share your sentiments that America must rebuild our capacity to engage in the fight against global poverty.

**Introduction**

Oxfam is not here because we care about bureaucratic reshuffling or because we want funds for our programs. We take no U.S. public funding—our U.S. support comes from American citizens and organizations who care about global poverty.

We are here because, as a global organization working to reduce poverty in over 120 countries, Oxfam witnesses, on a daily basis, the best and worst of U.S. foreign assistance. We work directly with the end-users of U.S. foreign assistance, both poor people and their governments.

Part of our mission is to bring their voices to this debate. Overwhelmingly, they feel that U.S. foreign aid, as currently designed, is failing. Built for the challenges of the Cold War, U.S. foreign aid in the 21st Century has become slow, bureaucratic, and fragmented. As a result, it is unable to help poor people achieve real lasting change in their communities and in their lives.

America must rebuild our capacity to combat global poverty, not just to save the world's poor, but to save ourselves. Oxfam believes in fighting poverty because in a world of plenty, the persistence of poverty is a profound moral challenge. But we have also seen how fighting poverty can deliver real, practical benefits for our nation and the world.

This lesson is brought into sharp focus by one incontrovertible fact: we live in a rapidly shrinking world. As commodities, goods, labor, and services cross borders with increasing speed, so do disease, ideology, and unrest. Just look at the headlines – skyrocketing food prices are setting off riots in countries across the world where people were already living on a knife's edge. We have a

moral responsibility to reduce poverty. But if you look at the instability caused by the current food crisis, it is clear that reducing global poverty is fundamental to our national security as well.

In this closer, more interdependent world, poverty anywhere in the world threatens our future. To deal with this, we need a modern, 21st Century strategic vision for our foreign policy that addresses all three pillars of our National Security Strategy: Defense, Diplomacy and Development. Development is not the whole answer. But it is a necessary part of any effective vision and strategy for reducing poverty and strengthening American foreign policy. And right now it is the most neglected part of our strategy.

When U.S. foreign assistance is used to fight poverty effectively, it builds a safer world for everyone, and strengthens U.S. international standing and moral authority abroad. Making our aid more effective is good for our economy too; today's poor countries will become tomorrow's U.S. trading partners. But when aid is done poorly, it fails to deliver any lasting results, and undermines American leadership and values. At its very worst, it can undermine democracy by eroding the trust that poor people abroad have in their governments, and that American taxpayers have in our government.

Oxfam believes the United States could do more to reduce poverty if we dedicated more resources to the problem. But first we need to reform the system. We understand the futility of asking American taxpayers to give more money for foreign aid when we cannot demonstrate success. We believe that with the right reforms, we can deliver results that American voters and taxpayers will be proud to support.

It is clear that Americans are ready to embrace change as well—our image abroad matters to them. Nine out of ten Americans think it is important for other countries to have a favorable opinion of the U.S.<sup>1</sup> They are frustrated that polls show our global standing ranks below that of Russia and China.<sup>2</sup> Even in our current economic situation, more Americans want us to keep using and improving our aid than those who want us to spend less on aid and focus on domestic problems.<sup>3</sup> The beginning of a new presidency is the best opportunity for real progress in foreign aid reform – there is both the need and opportunity to redefine America's global role. The time is now, and the American people want a new vision for how the U.S. engages with the world.

My colleagues have already made the case for major, fundamental reform: a new foreign assistance act, a new cabinet-level department for global development, and a new strategy for reducing poverty and supporting economic growth in developing countries. I want to explain why those reforms are important, drawing from our experience working directly with the poor.

Oxfam's experience in the field has taught us three hard-learned lessons:

- First, unless your primary purpose on the ground is building lasting solutions to poverty, aid on the ground gets wasted.

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<sup>1</sup> Continuous Progress (World Learning & the Aspen Institute) poll, Conducted by Opinion Research Corporation (ORC) February 1, 2008, available at <http://www.worldlearning.org/8045.htm>.

<sup>2</sup> Approval ratings were 35% positive for U.S., 37% positive for Russia, and 47% positive for China. Poll conducted by Program for International Policy Attitudes (PIPA) at the University of Maryland and GlobeScan, "BBC World Service Public Opinion Poll 2008," World Public Opinion, [http://www.worldpublicopinion.org/pipa/pdf/apr08/BBCEval\\_Apr08\\_rpt.pdf](http://www.worldpublicopinion.org/pipa/pdf/apr08/BBCEval_Apr08_rpt.pdf).

<sup>3</sup> Hart/McLaughlin, national survey of likely presidential voters for US Global Leadership Campaign and the ONE Campaign, April 2007.

- Second, even with the best trained and resourced aid professionals in the field, if your bureaucracy in Washington is out of date, focused on the wrong things, or lacks authority, you will never get lasting results on the ground.
- Third, the best way to achieve lasting impacts on poverty on the ground is to help governments become more effective and responsible and to empower citizens to take more ownership of and responsibility for their own and their country's development.

### We need to make “poverty” the primary purpose of our development efforts

Let me begin by talking about why we as a country need to fight global poverty.

In our work alongside the world’s poor, we see the many motivations driving United States foreign assistance: our own national security, our economic interests, and our national values all drive our foreign assistance priorities.

Oxfam does not argue that the United States government should abandon giving foreign aid in a manner consistent with American national interests. Rather, we argue that designing a foreign aid strategy to reduce global poverty is itself a compelling American national interest.

Furthermore, we have observed that foreign aid programs that are not designed with long-term poverty reduction as their clear purpose will not reduce poverty. In essence, fighting poverty can deliver long-term security benefits, but only if they focus first on poverty and its root causes.

When the military seeks to use foreign aid as a force multiplier or diplomats use it to persuade a foreign government to cooperate with us politically, experience shows that, in those cases, you cannot expect to get any real poverty reduction as a result. But it is through reducing poverty that we will eventually counter the threat of instability that drives our defense policy, and it is through improving poor people’s lives that we will earn trust and find the diplomatic partnerships we seek.

In 2006, the Department of Defense managed about 18 percent of our overseas development assistance; this was up from just 4 percent in 1998.<sup>4</sup> When we see the Department of Defense spending one-fifth of our development funding, while our civilian agencies suffer from depleted capacity and resources in the field, we believe that our short-term tactical concerns are trumping our long-term strategic interests. Programs such as Sections 1206, 1207, and CERP may serve a tactical purpose for the military commanders who employ them. But these funds end up getting spent outside of any strategic plan for foreign aid and risk undermining our long-term foreign policy strategy. The Pentagon is seeking to make the Section 1206 program permanent, through their proposed Building Global Partnerships Act; Oxfam believes this would be a mistake. When military thinkers aim to win hearts and minds with programs designed for military purposes, they often fail to deliver the lasting benefits that would actually win hearts and minds of local populations over the longer term.

The national security establishment here in Washington has publicly acknowledged the threat of global poverty and this country’s limited ability to fight it with its current foreign aid system. The U.S. cannot achieve its foreign policy objectives without becoming better at exercising “Smart Power”—balancing the hard power of our military with the soft power of public diplomacy and development. At Oxfam, we believe that an essential component of exercising Smart Power is

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<sup>4</sup> OECD DAC, “The United States Development Assistance Committee Peer Review,” (Paris: Organization for Economic Cooperation and Development (OECD), 2006): 26, <http://www.oecd.org/dataoecd/61/57/37885999.pdf>

engaging in Smart Development. Smart Development means putting the fight against global poverty at the center of our foreign policy.

When almost half of U.S. foreign aid goes to ten countries where we have political and security concerns, while less than five percent goes to the world's ten poorest countries, we are not putting poverty first.<sup>5</sup> When the Commanders Emergency Response Program has almost as much to spend this fiscal year as the entire Millennium Challenge Corporation appropriation, we are not putting poverty first.<sup>6</sup> When Oxfam in Afghanistan sees U.S. soldiers building schools and those schools being burned down, while the U.S. still under-funds the National Solidarity Program which builds schools at a fraction of the cost, we are not putting Afghan poverty or our long-term security first.<sup>7</sup>

Oxfam America has watched the U.S. fight against global poverty become increasingly driven by immediate security concerns and single-issue initiatives. Whether the U.S. fights global poverty for moral reasons or to improve its own security, truly effective foreign aid will only happen when a major part of our aid portfolio is designed to fight poverty for its own sake. This poverty-focused aid saves lives and helps people overcome poverty, which is vital for almost half the world that is surviving on less than \$2 a day. And this reinvigorated, effective aid also happens to be exactly the kind of smart tool that is needed to regain U.S. leadership in the world. Simply put, when the U.S. fights poverty, everyone wins.

We have witnessed what is possible when the U.S. government sets its mind to fighting poverty effectively. We saw the U.S. enable the Green Revolution which helped countries from Mexico to India go from famine victims to food exporters. We have seen how the World Health Organization, with funding from the United States, established the Smallpox Eradication Unit and launched a worldwide campaign which completely wiped out Smallpox in only 13 years. A month ago, we listened to El Salvador's National Development Council tell us that the MCC was the best aid program they have in El Salvador, designed intelligently to achieve sustained economic growth based on clear government priorities. The clear lesson is that reducing global poverty is possible and benefits America. We need to put this lesson at the centerpiece of our foreign aid strategy.

### **We see the need for modernization in the field**

Oxfam America supports the consensus strategy to modernize the U.S. foreign assistance machinery already laid out by my colleagues.

First, we need a new strategy. We need a thoughtful strategic focus that reflects that development is a long-term process, not something that should be hostage to the annual budget cycle.

Second, we need a new structure. Key to success is making sure that development strategy is led by development professionals. It should not be led by agencies that do not have global development as their core mission. We need to rebuild the capacity of the United States government in this regard.

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<sup>5</sup> See analysis and sources in Oxfam America, Smart Development: Why US Foreign Aid Demands Major Reform (February 2008): 6.

<sup>6</sup> This year, the DOD is requesting \$1 billion for CERP to augment the \$500 million they received from the 2007 Supplemental Spending Bill. The FY08 appropriation for the MCC is \$1.544 billion.

<sup>7</sup> See Geoffrey Warner, The Schools the Taliban Won't Torch, (Washington Monthly, December 2007).

Third, we need a new law. The architecture for foreign assistance is a Cold War architecture. It fails to reflect that world politics as well as world economics have changed. We need a new Foreign Assistance Act, to build a new shared understanding between the President, Congress, and the American people, as to what foreign aid is and what we want it to accomplish in the 21<sup>st</sup> Century.

Let me draw on our experience to support these points. Because the U.S. has no National Development Strategy and no clear leadership of our overall development policies, many countries where Oxfam works must confront a cacophony of U.S. agencies working at cross-purposes in non-strategic ways.

Take Afghanistan, perhaps the most important development context for U.S. foreign policy. In addition to our regular Afghanistan program staff, Oxfam has three development policy analysts permanently there, looking at foreign assistance. We see no overall U.S. development strategy for Afghanistan. With at least eight different U.S. government agencies working there,<sup>8</sup> U.S. military, political, and development efforts are coordinated on the ground only when U.S. officials make a special effort to talk to each other. When they don't, and they often don't, they work at cross-purposes, burden local officials with too many meetings, waste U.S. taxpayer money, and fail to keep our promises to the Afghan people. The one agency that is supposed to lead our development, USAID, is asked to manage billion-dollar budgets with a skeletal staff that turn over much too often. It is no wonder that when we talk to USAID contracting officers there, they are over-stressed and over-stretched. Instead of deepening their knowledge of the culture, politics, language, and priorities of Afghans, USAID staff have time only to shovel funding out the door—it is little surprise that over fifty percent of USAID funding in Afghanistan goes to five American for-profit contractors, who spend a significant proportion of their money on U.S. consultants, while we give almost nothing to the Afghan Government itself to demonstrate to the Afghan people that they can actually lead responsibly.<sup>9</sup>

Elsewhere, we see U.S. foreign aid working at cross-purposes in different ways. In many countries where the U.S. gives aid, we charge them more in tariffs than we give them in development assistance. We give \$80 million in foreign assistance to Bangladesh, but we charge it \$500 million in tariffs.<sup>10</sup> Seven out of every 100 Bangladeshi children die before their fifth birthday.<sup>11</sup> We should be helping Bangladesh use its own economic growth to address its problems, not taxing that growth and then replacing it with a far smaller amount in aid. Our failure to think strategically and take a “whole of government” approach to development means we are taxing the very poor countries that we are trying to help.

Our lack of a strategy is compounded by an out-of-date legal framework that confuses rather than guides the prioritization of our aid. The body of legislation governing U.S. foreign aid contains the phrase, “notwithstanding any other provision of law . . .” two hundred and fifty two times.<sup>12</sup>

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<sup>8</sup> U.S. government agencies working in Afghanistan include USAID, the Departments of State, Agriculture, Health, Labor, Justice, Defense, Commerce, Transportation and the U.S. Trade Representative and The White House, including the Office of National Drug Control Policy.

<sup>9</sup> See the Agency Coordinating Body for Afghan Relief, (ACBAR), Falling Short: Aid Effectiveness in Afghanistan (April 2008): 18.

<sup>10</sup> The Honorable Mary K. Bush, et al., “Beyond Assistance: The HELP Commission Report on Foreign Assistance Reform,” December 7, 2007: 23, available at [www.helpcommission.gov](http://www.helpcommission.gov)

<sup>11</sup> World Health Organization, accessed 04/18/08, available at <http://www.who.int/countries/bgd/en/>

<sup>12</sup> Original legal analysis done for Oxfam America by Dechert LLP.

And the complexity of the Act might be worth it if the act addressed global challenges in detail. But it doesn't. Child Survival and Health is a foreign assistance priority that Congress appropriated \$1.8 billion for in 2008 alone. Yet the program has never been authorized by this committee. The Foreign Assistance Act makes no more than a few passing references to it, and the law provides absolutely no strategic guidance as to how Congress expects the funds to be spent or what results they should achieve.<sup>13</sup> Given this type of strategic absurdity in the current law, how can a USAID employee on the ground do their job? How can you, here in Congress, have any confidence they are doing their job?

### **Strengthening responsible governments and empowering citizens**

But if you really want to tackle global poverty, you need to do more than just change the law, structure, and strategy of U.S. development policy. You need to change practice on the ground. Specifically, U.S. foreign aid must do more to put poor countries and poor people in control of their own future. Making aid work for the world's poor and American taxpayers means the next President and Congress must seize this historic opportunity to make aid more effective by responding to the needs of recipients. This is a basic business approach – know your customer. Our current top-down approach isn't going to cut it.

Oxfam believes that the answer to global poverty lies with the people of the developing world and their governments. It rests on the understanding that healthy societies are based on a positive relationship between accountable and effective governments, and active and empowered citizens.

The end goal of any sensible foreign aid policy should be to put itself out of business. We need to help governments and citizens find ways to finance their own development needs. Eventually, we want to see a world that doesn't need U.S. foreign aid because it doesn't have poverty. But if we as the United States ever hope to get out of the foreign aid business, then we need to deliver aid in a way that strengthens, rather than undermines, the relationships between citizens and governments in poor countries.

To foster this relationship, foreign aid needs to help citizens participate in the economy, generate income and profit, pay taxes to the government, and hold their government accountable for how those tax dollars are spent. In other words, aid needs to spark the entrepreneurship of local people. In addition, foreign aid should help the government improve its own capacity to generate revenue and provide the kinds of public goods and services that enable more citizens and businesses to participate in the economy. Only by helping citizens and governments to work together towards equitable economic growth will aid ever work itself out of business.

Oxfam America has a microfinance program called Saving for Change which we think illustrates this concept. Saving for Change differs from the traditional microfinance model in that participants save, lend, and pay each other interest without taking on debt from a bank, credit provider, or moneylender. They can use these loans to start small businesses or buy much-needed supplies for their families. The people who benefit would have usually been left behind by traditional banks and credit unions. The program self-replicates on a large scale and at a low cost, serving those who need a safe place to save or access to a small loan. By supporting village groups that act as their own community banks, the program has improved the livelihoods of poor people and increased their access to financial services.

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<sup>13</sup> Original analysis of the Foreign Assistance Act provided to Oxfam America by Dechert LLP.

Since Saving for Change was launched in April 2005, more than 100,000 poor people in Mali, Senegal, Burkina Faso, and Cambodia have joined savings and lending groups. Members have saved a total of nearly \$1.3 million so far—and the program continues to grow.

When aid is used in this way, it works as more than just a gap-filler. Instead, it becomes a catalyst that mobilizes local resources. It is the difference between charity and investment. Smart Development means that we invest in poor people's and poor countries' success as partners, and view our efforts in the context of the other forces at work in their society.

Smart Development means that we have to sometimes let go of our preconceptions of what poor people need and let them tell us what they need. True partnership means ceding a measure of control, something that is hard for Washington to do. But when we fail to take the time to listen to poor people we waste our tax dollars and their time. An example: during the Asian tsunami in 2004, the U.S. government responded rapidly with humanitarian relief, and the disaster response was praised as a model of efficiency and cooperation. But when it came time to rebuild, villagers in Thailand's Phang Nga Province were delivered unsolicited boats from the U.S. government and other aid agencies. A group of villagers who were day laborers, not fishermen, before the tsunami, felt obliged to become fisherman in order to put the boats to use. One villager told a team of researchers from the Listening Project, "We got [sic] too many boats and there are not enough people or fishing spots to go to." A fisherman in the village quipped, "I think there are more boats than fish."<sup>14</sup> Another local fisherman offered this opinion:

"They just asked 'what do you want?' We said 'a boat.' They bought the wrong kind of boat, too large, too expensive, and we can't fish with it...They should have asked for our opinion because it's such a waste of money. They could have spent it on something better."<sup>15</sup>

In another case, development aid dollars literally went up in smoke. An Afghan NGO described a project to deliver roofing timbers to people in Afghanistan's central highlands: "Villagers described how the agency in Geneva meant to oversee the project took twenty percent of the \$30 million for administrative costs, which subcontracted to a non-governmental organization (NGO) in Washington, D.C. that took another twenty percent, which in turn subcontracted to an Afghan NGO that took another twenty percent. Then, they paid money to a trucking company in Iran to haul the timber. Once the timber arrived, it was found to be of no use as roofing timber to the villagers. It was too heavy for the mud brick walls of their homes, so the villagers chopped the wood up and used it as firewood."<sup>16</sup>

But when poor people are put in charge of their own development, we can see real success. One such success story in Afghanistan is the National Solidarity Program. In 2003, this program gave rural villages ownership over their own economic development. One village, Dadi Khel, is in the heart of Azra, a mountainous area near the Pakistan border where Taliban insurgents were recruiting economically isolated villagers. As part of the National Solidarity Program, villagers chose to build their own hydropower plant that will bring electricity to about 300 families. Near the site, villagers record government aid disbursements for the entire village to see. "This is our money," said a local teacher. "All the time, we are checking whether it is spent correctly." The

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<sup>14</sup> The Listening Project, *Field Visit Report: Thailand* (The Listening Project, March 2007): 15, [http://www.cdainc.com/cdawww/pdf/casestudy/lp\\_thailand\\_field\\_visit\\_report\\_english\\_Pdf.pdf](http://www.cdainc.com/cdawww/pdf/casestudy/lp_thailand_field_visit_report_english_Pdf.pdf)

<sup>15</sup> The Listening Project, *Field Visit Report: Thailand* (The Listening Project, March 2007): 15, [http://www.cdainc.com/cdawww/pdf/casestudy/lp\\_thailand\\_field\\_visit\\_report\\_english\\_Pdf.pdf](http://www.cdainc.com/cdawww/pdf/casestudy/lp_thailand_field_visit_report_english_Pdf.pdf)

<sup>16</sup> Story told by aid worker Clare Lockhart in Kevin Anderson, "Call for rethink in aid policy," BBC News, Aug. 1, 2005, [http://news.bbc.co.uk/2/hi/in\\_depth/4678877.stm](http://news.bbc.co.uk/2/hi/in_depth/4678877.stm)

program's model encourages village councils to identify and complete more projects—reinforcing the relationship between citizens and their government. Because villagers create the projects, they want to protect them. What's more, the Taliban feels less comfortable attacking village-led projects than it does clearly-branded foreign aid road projects.<sup>17</sup>

There will be no instant gratification in this effort. There is no quick fix for global poverty. Enabling equitable growth demands patience. Unfortunately, right now, our political process undermines this patient effort, by creating unrealistic expectations, demanding instant results, and issuing confused and constantly changing directives. By relying on the annual budget cycle to fund our foreign aid, we essentially move the goalposts every twelve months for the billions of poor people who are asking for our help and leadership to fight poverty.

In every one of the 120 plus countries where Oxfam works, people don't just need relief from HIV/AIDS, education for their kids, job training, and basic security. They need all of these things at once, and much more. If you are in the half of humankind that lives on less than \$2 a day, no single U.S. foreign assistance project is going to transform your life. Yet we continue to manage foreign aid not as a strategy, but as a series of projects, each seemingly disconnected from one another. By only measuring our efforts in discrete areas, we undermine progress on the host of ills that confront poor people.

The fight against HIV/AIDS is a case in point. The PEPFAR program is a grand and noble undertaking. But it suffers from its lack of integration into any U.S. strategy for development. If we are to defeat the HIV pandemic, it will take more than just getting AIDS victims on medication. It requires supporting health systems that can take care of patients. It requires making sure children go to school and learn how to protect themselves from the virus. We as a government need to analyze and understand how these different efforts can support each other as part of a coordinated strategy.

We have to help states govern effectively, markets function fairly, and citizens achieve the basic tools to generate their own wealth over time. Right now, our aid is not strategically designed to do *any* of these things. Government after government has told Oxfam that U.S. foreign aid creates more headaches for them than aid from any other donor. NGOs tell us that U.S. foreign aid is the most burdensome to administrate. Many of our allies now consider non-project aid, given directly to the treasury of governments as the most effective form of aid, when used in the appropriate circumstances. But the United States only gives about four percent of our aid this way, less than any other OECD country.

Consider Mozambique. Most major donors have determined to work together to give more money directly to the Government of Mozambique, and then hold the Government accountable to achieve real outcomes for the poor.<sup>18</sup> Last year, Mozambique received 42 percent of its aid in non-project aid. Yet the U.S. gives no money to Mozambique in this way. Instead, we work around government systems, channeling our aid to a vast array of programs, many of which are driven by separate legislative mandates. Senator Lugar recently found that Congress and the White House require more than 100 different reports on our activities there, taking tens of thousands of hours for U.S. government staff in Mozambique to produce. This is on top of the thousands of reports the

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<sup>17</sup> Gregory Warner, "The Schools the Taliban Won't Torch" (Washington, D.C.: Washington Monthly, December 2007), [www.washingtonmonthly.com/features/2007/0712.warner.html](http://www.washingtonmonthly.com/features/2007/0712.warner.html)

<sup>18</sup> Paolo de Renzio and Joseph Hanlon "Contested Sovereignty in Mozambique: The Dilemmas of Aid Dependence." Managing Aid Dependency Project. Global Economic Governance Working Paper 2007/25. Department of Politics and International Relations. Oxford. (January 2007).

U.S. requires from grantees in Mozambique.<sup>19</sup> Yet contrast this with Pakistan, where for the last six years we had a military dictatorship and a fragile relationship between the government and its citizens. In that case, we should have been working more directly with the citizens rather than handing more than \$10 billion in foreign aid directly to a government that has not demonstrated a sufficient commitment to fighting either poverty or corruption.<sup>20</sup>

Oxfam does not believe that one foreign aid approach fits all contexts. While wealthy and prosperous countries may increasingly mimic each other in our global economy, we know that no two countries are poor in the same way or for the same reasons. Our aid must work differently with those countries led by responsible governments, like Mozambique, than those countries than lack responsible leadership, like Zimbabwe or Somalia. And in a case where we do not believe a government is acting in a responsible and transparent manner, we need our aid professionals to have the flexibility to work directly with the local people and civil society groups to develop solutions that work for their communities.

In September of this year, the world's major donors are going to gather in Accra, Ghana to talk about how to make their aid more effective, following up on the commitments they made in Paris in 2005. The U.S. should be leading that effort, but we have yet to see effective leadership from the U.S. The OECD, which is leading the Accra meetings, finds that the United States gives less programmatic aid directly to responsible governments, makes less use of local procurement or finance management mechanisms, and ties more of its aid to the purchase of donor country goods and services than any other donor.<sup>21</sup>

Oxfam believes that the fight against poverty is both noble and necessary. But it will not be quick and it will not be easy. The United States Government must take action to reform its laws, structure, and strategy for foreign aid, so it can focus on long-term poverty reduction first, employ 21<sup>st</sup> Century solutions, and put ownership and agency in the hands of people around the world.

As I have said, we think that the American people are ready to support Congress in reforming foreign aid. The broad, bipartisan support for PEPFAR reauthorization is a key example. Americans are motivated by their compassion for those suffering from HIV/AIDS. But they are also motivated by the realization that this is a different world than it was even just a decade ago. For example, when the Asian Bird Flu can fly across the Pacific Ocean as fast a jumbo jet, Americans have an interest in seeing that health systems in poor countries work.

But there is more to this effort than simple self-interest. When President Kennedy laid out his vision for USAID in his inaugural address, he painted a vision of American leadership based on our values. He committed us to fight for the world's poor, "not because the Communists may be doing it, not because we seek their votes, but because it is right."

Mr. Chairman, the American people believe this is the right thing to do. Oxfam America is working to make sure their voices and those of the world's poor are heard in this debate. Thank you for this opportunity, and I look forward to working with you, as well as taking your questions.

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<sup>19</sup> Senate Foreign Relations Committee, Embassies Grapple to Guide Foreign Aid, (Nov. 2007), Appendix IV.

<sup>20</sup> See Generally, Derek Chollet et al, When \$10 Billion is Not Enough: Rethinking US Strategy Towards Pakistan (Pakistan ranks 138 out of 179 countries on Transparency International's Corruption Perception Index (2007)).

<sup>21</sup> OECD, Aid Effectiveness: 2006 Survey Monitoring the Paris Declaration: Overview of the Results, [http://www.oecd.org/document/20/0,3343,en\\_2649\\_15577209\\_38521876\\_1\\_1\\_1,00.html](http://www.oecd.org/document/20/0,3343,en_2649_15577209_38521876_1_1_1,00.html)