



## **Hearing will examine aid agency's plans for improved contracting performance**

ARLINGTON, VA, March 25, 2011 – The administrator of the U.S. Agency for International Development will testify on his program to improve USAID's performance at an April 1 hearing of the Commission on Wartime Contracting in Iraq and Afghanistan.

Dr. Rajiv Shah will be the sole witness at the hearing, which will begin at 9:30 a.m. Friday, April 1, in Room 216 of the Hart Senate Office Building in Washington, DC. The hearing is open to the public and news organizations. It will adjourn at 11 a.m.

USAID operates programs in more than 90 countries, including Iraq and Afghanistan, to provide humanitarian assistance, promote stability and good governance, and foster economic development, primarily through contracts and grants.

“USAID does a lot of good work and is an important player in contingency operations, but the Commission has many concerns about its operations,” said Commission Co-Chair Michael Thibault. “For example, it relies heavily on grants and contracts to execute its mission, but has limited capacity to oversee work and hold its partners accountable. It operates in combat zones, but has no organic security function, forcing it to use private guards, draw on military resources, or leave project teams and their work unprotected. It has undertaken costly projects like the Kabul power plant that the Afghans may be unable to maintain or afford once the U.S. presence ends.”

Co-Chair Christopher Shays said, “Dr. Shah himself has acknowledged that ‘For too long, USAID has taken on the bad habits of a large government bureaucracy.’ Our research supports that candid view. And other observers such as the Government Accountability Office have found USAID has critical workforce shortages, at times inadequate oversight, inconsistent assessments of risks before handing money over to Afghan ministries, and weaknesses in planning and performance measurement. To his credit, Dr. Shah is pursuing a reform agenda. We are interested in its progress and its potential for cutting waste and improving outcomes in the non-military aspects of contingency operations.”

The seven-pronged “USAID Forward” agenda includes areas of special interest for improving contingency contracting, including reforming USAID procurement practices.

The co-chairs said they also intend to ask Dr. Shah about his reactions to USAID-related recommendations in the Commission's Feb. 24, 2011, second interim report to Congress.

That report, “At What Risk? Correcting Over-Reliance on Contractors in Contingency Operations,” estimated that the United States has wasted tens of billions of dollars in contracting for Iraq and Afghanistan, and recommended growing the federal government's in-house

capability to perform critical functions, strengthening enforcement tools to hold contractors and government personnel accountable, increasing competition among contractors to promote cost savings, among other ideas. The report is posted at the commission's website, [www.wartimecontracting.gov](http://www.wartimecontracting.gov).

USAID was created by executive order in 1961 to be "the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms," according to the agency's website. USAID is an independent agency, but gets overall policy guidance from the U.S. Secretary of State. For the fiscal year ended Sept. 30, 2010, USAID reported "budgetary resources" of \$22.5 billion, including \$15.8 billion in appropriated funds, \$5.4 billion from prior-year balances, and other items.

Dr. Shah was sworn in as USAID administrator on Dec. 31, 2009. His career also includes serving as Under Secretary for Research, Education and Economics at the U.S. Department of Agriculture, and as director of Agricultural Development at the Bill and Melinda Gates Foundation. He holds an M.D. from the University of Pennsylvania's medical school and a master's degree in health economics from its Wharton School of Business.

Congress created the Commission on Wartime Contracting in 2008 (Public Law 110-181), directing it to research federal contracting for reconstruction, logistical support, and security functions, and to recommend improvements. The eight commissioners are: Michael Thibault and Christopher Shays, co-chairs; and Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim. Executive Director Robert B. Dickson manages the work of the commission staff.

The commission filed its first interim report to Congress in June 2009 and has since added a second interim and four special reports to Congress. The commission's final report to Congress is due in July 2011.

**NOTE: The Commission has another hearing on Monday, March 28, 2011**

The Commission will convene in Room 216 of the Hart senate Office Building at 10 a.m. Monday, March 28, 2011, for a hearing on "Better Buying Power in Defense Spending," featuring testimony from Dr. Ashton B. Carter, Under Secretary of Defense for Acquisition, Technology, and Logistics. For details, see Commission News release #41:

[www.wartimecontracting.gov/index.php/pressroom/pressreleases/184-cwc-nr-41](http://www.wartimecontracting.gov/index.php/pressroom/pressreleases/184-cwc-nr-41)

###