

## **Testimony of the Modernizing Foreign Assistance Network**

Tod Preston, Executive Director

House Appropriations Subcommittee on National Security,  
Department of State, and Related Programs

April 17, 2026

---

Chairman Diaz-Balart, Ranking Member Frankel, and Members of the Subcommittee:

Thank you for the opportunity to submit written testimony on behalf of the Modernizing Foreign Assistance Network (MFAN) regarding fiscal year 2027 (FY27) appropriations.

MFAN is a bipartisan reform coalition created in 2008 to support more effective, accountable U.S. foreign assistance – delivering greater results for people in need and for U.S. taxpayers. Our members include NGOs such as CARE, Catholic Relief Services, Give Directly, Save the Children, social enterprise organizations like the Once Acre Fund, local NGOs such as Mozambique’s N’weti, and individuals who are former senior officials in Republican and Democratic Administrations and here on Capitol Hill.

MFAN members are united on two overarching beliefs: First, international assistance programs are essential investments because they are key instruments of America’s influence and strength and our humanitarian values. Second, we believe these programs’ Return on Investment (ROI) for taxpayers can be even greater by ensuring they are more evidence-based, accountable, innovative, and locally led.

It is with these principles in mind that MFAN applauds the work of this subcommittee in the FY 26 appropriations process last year and for forging and adopting this year a bipartisan, bicameral National Security-State Foreign Operations bill that preserves key global health, development, and humanitarian investments and includes measures to strengthen effectiveness, transparency, innovation, and locally led development. Importantly, the agreement also institutes additional, much-needed reporting directives to help ensure accountability and monitor compliance with congressional intent.

### **State Department Management of International Assistance**

#### Capacity Issues

In the wake of the major changes to U.S. international assistance in 2025, MFAN is focused on what is needed to construct a successful, high-performing international assistance system at the State Department. The ability of the State Department to effectively manage and implement congressionally appropriated international assistance programs is a major concern for MFAN (and many others).

At present, the State Department faces a severe capacity gap following last year’s consolidation of development and humanitarian functions from USAID. The Department has

major staffing shortfalls in several areas including procurement, strategic planning, monitoring and evaluation, technical expertise, and risk assessment.

While it inherited a global portfolio previously managed by more than 10,000 USAID personnel, the State Department it is now attempting to oversee these programs with roughly 700 staff – driving management ratios from \$1.7 million per employee to nearly \$30 million. This dramatic increase creates immediate risks of waste, fraud, and program failure. At the same time, the loss of locally employed staff has significantly reduced on-the-ground expertise and oversight.

MFAN’s report last September ([Operational Readiness: What the State Department Needs to Effectively Manage U.S. International Development and Humanitarian Assistance](#)), details the core functions needed within State to maximize program effectiveness, taxpayer accountability, and alignment with U.S. national security and economic interests. Our analysis found that the Department lacks several core operational capabilities required to manage a modern international assistance portfolio at scale. These include insufficient procurement and financial management systems, gaps in monitoring and evaluation capacity, and limited mechanisms to ensure learning and adaptation across programs.

To address these challenges, MFAN urges the Subcommittee to ensure the Department establishes a dedicated development workforce with specialized technical, procurement, and oversight expertise; rebuilds critical operational systems for program design, financial accountability, and evaluation; and provides a clear implementation plan with benchmarks to restore core capabilities. These steps are essential to ensure the Department can meet its fiduciary responsibilities and deliver effective assistance.

#### Government-to-Government Assistance (G2G)

The State Department’s embrace of government-to-government (G2G) assistance for implementation of U.S. global health assistance is one of the most consequential changes in U.S. foreign assistance in a generation. MFAN has long supported greater country ownership and use of G2G assistance. When implemented effectively, G2G can strengthen sustainability, build durable institutions, and improve long-term outcomes. However, without adequate safeguards, it also introduces significant risks – including financial vulnerabilities, weak accountability, and potential development setbacks.

Drawing from lessons learned at PEPFAR, USAID, the MCC, and CDC, MFAN recently issued a comprehensive blueprint, [“Delivering on the Promise of Government-to-Government Assistance: A Roadmap for the U.S. Government’s International Assistance Pivot”](#) – identifying the tools and capacity the State Department will need to ensure G2G achieves its intended impact. It provides practical guidance on ways to manage risk, design and execute the critical and complex task of strengthening government systems, and achieve measurable impacts. These include establishing rigorous risk assessments and mitigation frameworks before funds are obligated; strengthening public financial management systems in partner countries; and sequencing investments to align with demonstrated capacity. The

roadmap also emphasizes the importance of continuous learning, adaptive management, and transparency to ensure programs improve over time.

## **Promoting Country Self-Reliance and Aid Transitions**

### Financing Self-Reliance

A key challenge for the success of the bilateral Global Health agreements will be ensuring partner countries can meet co-financing targets and sustain services as U.S. support is phased down. Many countries remain heavily dependent on external assistance due to persistent gaps in domestic resource mobilization (DRM), public financial management (PFM), and institutional capacity.

DRM investments have consistently proven to be low-cost, high-impact tools for strengthening fiscal stability, accountability, and market-oriented governance. By helping governments build transparent, efficient, and business-friendly tax systems, these efforts enable countries to generate and manage their own development resources over time.

MFAN urges the Subcommittee to direct the State Department to integrate DRM into its global health strategy, including within bilateral MOUs, and to use Global Health Programs funding to strengthen partner countries' fiscal capacity. This will help ensure that U.S. assistance supports a transition to sustainable, domestically financed health systems with strong standards of transparency and accountability.

### Localization

In addition to improving DRM and PFM, sustainable aid transitions require investing directly in local institutions. Locally led development is essential to long-term success and a credible exit strategy for U.S. assistance. However, complex procurement requirements and administrative barriers continue to exclude capable local actors with the contextual knowledge needed to deliver lasting results. Without deliberate efforts to shift resources and decision-making authority to local partners, countries will remain dependent on external implementers.

MFAN urges the Subcommittee to direct the State Department to reduce these barriers by simplifying procurement processes, expanding local-language solicitations, and adopting more flexible cost structures. When direct procurement with local actors is not possible, the State Department should prioritize significant engagement and quality partnerships with local partner agencies. Strengthening local institutions will improve accountability, build durable capacity, and support the transition from aid recipients to stable economic partners.

## **Improving Use of Evidence**

MFAN applauds the Section 7011 Effectiveness Strategy that was included in the FY26 bill. The provision establishes a strong vision for evidence-based programming by the State Department. However, we are concerned that the Department lacks a consistent mechanism to translate evidence into funding decisions. Program design often relies on

precedent or limited data rather than rigorous analysis of cost-effectiveness and impact, limiting the Department's ability to prioritize the most effective interventions.

MFAN recommends the FY27 bill require a clear implementation plan that embeds evidence across the full program lifecycle – from design through evaluation and adaptation. This should include establishing cost-effectiveness benchmarks based on existing global research, prioritizing monitoring systems that verify delivery and performance, and focusing new research on critical evidence gaps rather than duplicative studies.

Institutionalizing these practices in the Department will improve outcomes, strengthen accountability, and ensure taxpayer resources are directed toward interventions with the greatest demonstrated impact.

### **Transparency**

The large-scale restructuring of U.S. foreign assistance last year has created significant transparency gaps and eroded critical institutional knowledge. The dismantling of key repositories, such as the Development Experience Clearinghouse, has limited access to decades of evidence, undermining oversight and informed decision-making. At the same time, reporting on ForeignAssistance.gov often stops at prime recipients, obscuring the role of sub-awardees responsible for implementation.

Transparency concerns also extend to the U.S. International Development Finance Corporation (DFC), which has not consistently provided complete project-level data despite legal requirements under the Better Utilization of Investments Leading to Development (BUILD) Act of 2018 and the Foreign Aid Transparency and Accountability Act of 2016. This gap is increasingly problematic following the FY26 National Defense Authorization Act, which tripled the DFC's liability cap to \$205 billion. Without comprehensive, centralized data, Congress cannot effectively assess development impact, distinguish U.S. investments from less transparent competitors, or guard against mission drift – particularly as DFC expands into higher-income markets.

Limited visibility also makes it difficult to determine whether DFC is successfully mobilizing private capital or displacing it. Without detailed reporting on financial instruments and private-sector participation, Congress cannot assess whether taxpayer resources are being used as intended.

MFAN recommends requiring full integration with ForeignAssistance.gov and mandating timely, detailed reporting on project performance, financial flows, and development outcomes. Strengthening transparency will improve oversight, reinforce accountability, and better demonstrate how U.S. investments deliver results and mobilize private capital.

### **Conclusion**

Thank you for the opportunity to present MFAN's recommendations for the subcommittee's FY27 appropriations bill. We look forward to continuing to work with you to strengthen the effectiveness, accountability, and impact of U.S. foreign assistance.