AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

ADVANCING U.S. INTERESTS THROUGH THE ORGANIZATION OF AMERICAN STATES

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

FEBRUARY 14, 2018

Serial No. 115–115

Printed for the use of the Committee on Foreign Affairs

Available via the World Wide Web: http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PUBLISHING OFFICE

28–645PDF WASHINGTON : 2018

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON FOREIGN AFFAIRS

EDWARD R. ROYCE, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
ILEANA ROS-LEHTINEN, Florida
DANA ROHRABACHER, California
STEVE CHABOT, Ohio
JOE WILSON, South Carolina
MICHAEL T. McCAUL, Texas
TED POE, Texas
DARRELL E. ISSA, California
TOM MARINO, Pennsylvania
MO BROOKS, Alabama
PAUL COOK, California
SCOTT PERRY, Pennsylvania
RON DeSANTIS, Florida
MARK MEADOWS, North Carolina
TED S. YOHO, Florida
ADAM KINZINGER, Illinois
LEE M. ZELDIN, New York
DANIEL M. DONOVAN, Jr., New York
F. JAMES SENSENBRENNER, Jr., Wisconsin
ANN WAGNER, Missouri
BRIAN J. MAST, Florida
FRANCIS ROONEY, Florida
BRIAN K. FITZPATRICK, Pennsylvania
THOMAS A. GARRETT, Jr., Virginia
JOHN R. CURTIS, Utah

ELIOT L. ENGEL, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
ALBIO SIRES, New Jersey
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
KAREN BASS, California
WILLIAM R. KEATING, Massachusetts
DAVID N. CICILLINE, Rhode Island
AMI BERA, California
LOIS FRANKEL, Florida
TULSI GABBARD, Hawaii
JOAQUIN CASTRO, Texas
ROBIN L. KELLY, Illinois
BRENDAN F. BOYLE, Pennsylvania
DINA TITUS, Nevada
NORMA J. TORRES, California
BRADLEY SCOTT SCHNEIDER, Illinois
THOMAS R. SUOZZI, New York
ADRIANO ESPAILLAT, New York
TED LIEU, California

AMY PORTER, *Chief of Staff* THOMAS SHEEHY, *Staff Director*
JASON STEINBAUM, *Democratic Staff Director*

SUBCOMMITTEE ON THE WESTERN HEMISPHERE

PAUL COOK, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
ILEANA ROS-LEHTINEN, Florida
MICHAEL T. McCAUL, Texas
MO BROOKS, Alabama
RON DeSANTIS, Florida
TED S. YOHO, Florida
FRANCIS ROONEY, Florida

ALBIO SIRES, New Jersey
JOAQUIN CASTRO, Texas
ROBIN L. KELLY, Illinois
NORMA J. TORRES, California
ADRIANO ESPAILLAT, New York
GREGORY W. MEEKS, New York

CONTENTS

Page

WITNESSES

Mr. Thomas Melito, Director, International Affairs and Trade, Government Accountability Office 8
Mr. Alfonso Aguilar, president and CEO, International Human Rights Group . 27
Mr. Peter Quilter (former secretary for administration and finance, Organization of American States) 33

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

The Honorable Paul Cook, a Representative in Congress from the State of California, and chairman, Subcommittee on the Western Hemisphere: Prepared statement 5
Mr. Thomas Melito: Prepared statement 10
Mr. Alfonso Aguilar: Prepared statement 29
Mr. Peter Quilter: Prepared statement 35

APPENDIX

Hearing notice 54
Hearing minutes 55
Written responses from the witnesses to questions submitted for the record by the Honorable Paul Cook 56

ADVANCING U.S. INTERESTS THROUGH THE ORGANIZATION OF AMERICAN STATES

WEDNESDAY, FEBRUARY 14, 2018

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 2:00 p.m., in room 2200 Rayburn House Office Building, Hon. Paul Cook (chairman of the subcommittee) presiding.

Mr. COOK. A quorum being present, the subcommittee will come to order. I'd like to now recognize myself for an opening statement.

The Organization of American States, or OAS, is the oldest multilateral regional organization in the world. As Secretary Tillerson recalled in his recent remarks earlier this month, the precursor to today's OAS began with the first international conference of American states in 1889, hosted by the United States. By the way, I was not part of their conference.

We and 20 American states are signatories to the OAS, which was chartered in 1948. The Inter-American Democratic Charter adopted in Lima on September 11, 2001, on the very day that the U.S. was brutally attacked was a unified response by our neighbors that tyranny will not win.

Article I of the Inter-American Democratic Charter affirms that the people of the Americas have a right to democracy and the governments have an obligation to promote and defend it.

This is the underlying reason for the existence of the OAS and it is a vision that we share with our Latin American and Caribbean partners.

Yet, today the OAS is composed of 35 nations in the Americas. The member states of an organization devoted to promoting democracy welcomed the Communist Cuban regime back into its membership in 2009 and has so far prevented the suspension of the Venezuelan dictatorship that has wreaked havoc on its people and sent hundreds of thousands of refugees to neighboring countries, all for some preferential financing and subsidized oil.

OAS Secretary General Almagro has shown leadership in fighting for the Venezuelan people to reclaim their country, as has Peruvian President Kuczynski, in yesterday's decision to rescind the invitation to Venezuela to attend April's Summit of the Americas, a bold action in defense of democracy and human rights.

Today, we need to consider the role of the OAS and other Inter-American organizations such as the Pan-American Health Organi-

zation, the Inter-American Institute for Cooperation on Agriculture and the Pan-American Institute of Geography and History toward advancing U.S. interests in the region.

U.S.-assessed contributions to these organizations is nearly 60 percent of their budgets and the American people have an interest in knowing why we contribute money if U.S. investments have achieved results and if there are areas for reform.

Following years of advocacy from the Foreign Affairs Committee for the OAS to appoint a secretary to the Multidimensional Security and a new inspector general, I commend Secretary General Almagro for filling these key positions.

Conversely, the Government Accounting Office recently found that the U.S. faces challenges in tracking results for aid to Inter-American organizations and the U.S. may have difficulty complying with the 2013 Organization of American States Revitalization and Reform Act, which prioritized quarter reforms in the OAS so that no member state pays more than 50 percent of the OAS' assessed fees.

The next OAS General Assembly meeting occurs in June. I believe this is the time to address this issue if the OAS is ever going to move forward to address this financial deficit.

The U.S. should no longer shoulder the uneven financial responsibilities when half of the OAS member states had quotas below $100,000 and quotas for 26 member states equaled less than 1 percent.

Today, the OAS has an $80 million budget with four objectives: Promoting democracy, human rights, development, and regional security.

OAS electoral missions played critical roles in safeguarding the electoral process in the hemisphere and this year 10 countries have requested OAS observation missions.

This is no small thing when the region will be holding six Presidential elections and regional confidence in democracy is at an all-time low. The OAS political missions like the OAS Mission Against Corruption and Impunity in Honduras assist countries with important anti-corruption efforts.

The OAS Inter-American Committee Against Terrorism and Cybersecurity Program prioritizes cybersecurity and terrorism finance prevention efforts.

Yet, for all these efforts, some say that OAS is overstretched and underfunded, lacking clarity about its missions. Others laud the efforts by the OAS Inter-American Commission on Human Rights and Inter-American Court on Human Rights but question whether these entities respect the members, states, sovereignty, and domestic rule of law.

In addition, the Inter-American Organization I mentioned earlier all receive U.S. funding and these entities support work that is significant to many member states.

However, some have raised concerns about these efforts along with OAS efforts related to scholarships that lead to overreaching mandates and siphon away resources from other critical priorities.

There may be ways to modernize these priorities to achieve greater cost savings through other entities or the Inter-American Development Bank.

I want to take a moment to note that the U.S. is a 30 percent shareholder of the bank and the bank's initial selection to host the IDB—International Development Bank's—60th anniversary meeting is unacceptable for the U.S. and others that want to see greater private sector investment and transparent government in the Americas.

In conclusion, the Trump administration has named this year the Year of the Americas, and I believe the U.S. has a vital role to play in leading efforts to modernize the OAS, which definitely needs a new IT system, for instance, and ensuring that U.S. support for the OAS and Inter-American organizations support U.S. interests.

To do so, United States' mission in the OAS needs an Ambassador and a cohesive strategy. I urge my Senate colleagues to move quickly to confirm President Trump's nominee, Carlos Trujillo.

With that, I turn to the ranking member for his opening remarks, sir.

Mr. SIRES. Good afternoon. Thank you to our chairman for holding this timely hearing and thank you to our witnesses for being here today.

The Organization for American States has been a tool to bring democratic members of the Western Hemisphere together since 1948.

This Inter-American system has served as a forum where the U.S. can work with its neighbors to strengthen the hemisphere while advancing our strategic interest.

Its four objectives are democracy promotion, human rights protection, economic and social development, and regional security operation. The OAS has been able to convene actors to perform important duties such as election observation, hearings on human rights violations, and the promotion and protection of free press.

Unfortunately, though, the OAS has stalled when it has come to taking concrete actions to hold bad actors in the regional accountable.

It is clear that there are management issues, an antiquated payment system, structure inefficiency, and budgetary problems that have plagued the organization and weakened the institution.

The OAS ends up needing ad hoc contributions and volunteer contributions to fund its programs rather than rely on its annual budget.

Additionally, a coordinated and steadfast campaign led by Venezuela's regime to cripple the organization and grind its productivity to a screeching halt has only made matters worse.

Adding insult to injury, the Trump administration has shown little regards for a multilateral institution and continues to either alienate or retreat from every relationship that U.S. has spent centuries investing in, the humanitarian, political, and economic crisis in Venezuela getting worse with each day that passes. Daniel Ortega and his cronies are consolidating power and Evo Morales, in Bolivia, has already announced that he will find a way to make his fourth term in office a reality.

It is more important than ever that the regional body dedicated to promoting democracy and standing for human rights should be operating at full steam.

Under Chairman Cook's leadership, our subcommittee has already examined several elections taking place in 2018 and protected the integrity of these elections. Promoting democracy and protecting human rights need to remain a top priority.

I am eager to hear from our panel on how we can improve engagement with the OAS and better enable them to be the leader in the region.

Thank you.

Mr. COOK. Thank you, Congressman.

Before I recognize you to provide your testimony, I am going to explain the lighting system in front of you. Actually, this is a statement from me that the staff puts in there so I won't screw this up.

You each have 5 minutes to present your oral argument. When you begin, the light will turn green. When you have a minute left, the light will turn yellow, and when your time has expired the light will turn red.

I ask that you conclude your testimony once the red lights comes on or you might here a little tap, tap, tap, and it's Edgar Allen Poe and "The Raven." It's just me.

After our witnesses testify, members will have 5 minutes to ask questions. I urge my colleagues to stick to the 5-minute rule to ensure that all members get the opportunity to ask questions.

Our first witness to testify will be Mr. Thomas Melito, the Director of International Affairs and Trade at the United States Government Accountability Office, the GAO.

Mr. Melito has been at GAO for more than 29 years. Wow. And in his capacity is primarily responsible for GAO's humanitarian assistance and multi-lateral portfolio.

Our second witness to testify is Mr. Alphonso Aguilar, the president of the International Human Rights Group, which seeks to defend and protect political rights, religious freedom, and the dignity of the human person through the Inter-American system of human rights.

Previously, Mr. Aguilar was the former Chief of the U.S. Office of Citizenship and served in numerous high-level government positions in the Bush administration and the Government of Puerto Rico. He is also a well-known policy and political analyst.

Our last witness to testify will be Mr. Peter Quilter, a former secretary for the administration of finance at the Organization of American States. Most recently, he spent 2 years as a senior fellow at the Harvard Kennedy School Ash Center for Democratic Governance, where he endured the snows of the Northeast, and before the OAS he advised the House Foreign Affairs Committee Ranking Member Eliot Engel on the Americas. He also served at the State Department under President Clinton.

Mr. Melito, you are recognized. Thank you.

[The prepared statement of Mr. Cook follows:]

Chairman Paul Cook
Opening Statement
Foreign Affairs Committee's Subcommittee on the Western Hemisphere
"Advancing U.S. Interests Through the Organization of American States"
Wednesday, February 14th in Rayburn Room 2200

The Organization of American States or OAS is the oldest multilateral regional organization in the world. As Secretary Tillerson recalled in his remarks earlier this month, the "precursor to today's OAS" began with the First International Conference of American States in 1889, hosted by the U.S. We and 20 American States are signatories to the OAS, which was chartered in 1948. The Inter-American Democratic Charter adopted in Lima on September 11, 2001 – on the very day that the U.S. was brutally attacked – was a unified response by our neighbors that tyranny will not win. Article One of the Inter-American Democratic Charter affirms that "the peoples of the Americas have a right to democracy and the governments have an obligation to promote and defend it." This is the underlying reason for the existence of the OAS and is a vision that we share with our Latin American and Caribbean partners.

Yet today, the OAS is composed of 35 nations in the Americas. The Member States of an organization devoted to promoting democracy welcomed the Communist Cuban regime back into its membership in 2009 and has so far prevented the suspension of the Venezuelan dictatorship that has wreaked havoc on its people and sent hundreds of thousands of refugees to neighboring countries – all for some preferential financing and subsidized oil. OAS Secretary General Almagro has shown leadership in fighting for the Venezuelan people to reclaim their country as has Peruvian President Kuczynski in yesterday's decision to rescind the invitation to Venezuela to attend April's Summit of the Americas, a bold action in defense of democracy and human rights. Today, we meet to consider the role of the OAS and other Inter-American Organizations, such as the Pan-American

Health Organization, Inter-American Institute for Cooperation on Agriculture, and the Pan-American Institute of Geography and History towards advancing U.S. interests in the region. U.S. assessed contributions to these organizations is nearly 60 percent of their budgets, and the American people have an interest in knowing why we contribute money, if U.S. investments have achieved results, and if there are areas for reform.

Following years of advocacy from the Foreign Affairs Committee for the OAS to appoint a Secretary for Multidimensional Security and a new Inspector General, I commend Secretary General Almagro for filling these key positions. Conversely, the Government Accountability Office (GAO) recently found that the U.S. faces challenges in tracking results for aid to Inter-American organizations, and the U.S. may have difficulty complying with the 2013 Organization of American States Revitalization and Reform Act, which prioritized quota reform in the OAS so that no Member State pays more than 50 percent of the OAS' assessed fees. The next OAS General Assembly meeting occurs in June, and I believe that this is the time to address these issues if the OAS is ever going to move forward to address its financial deficit. The U.S. should no longer shoulder the uneven financial responsibilities when half of OAS Member States had quotas below $100,000 and quotas for 26 Member States equaled less than one percent.

Today, the OAS has a $80 million budget and four objectives: promoting democracy, human rights, development, and regional security. OAS electoral missions play critical roles in safeguarding the electoral process in the hemisphere, and this year, 10 countries have requested OAS observation missions. This is no small thing when the region will be holding six presidential elections, and regional confidence in democracy is at an all-time low. The OAS political missions, like the OAS Mission Against Corruption and Impunity in Honduras, assist countries with important anti-corruption efforts. The OAS Inter-American Committee against Terrorism and

Cyber-Security program prioritizes cybersecurity and terrorism finance prevention efforts. Yet for all these efforts, some say the OAS is overstretched and underfunded, lacking clarity about its missions. Others laud the efforts by the OAS Inter-American Commission on Human Rights and Inter-American Court of Human Rights but question whether these entities respect the Member States' sovereignty and domestic rule of law.

In addition, the Inter-American organizations I mentioned earlier all receive U.S. funding, and these entities support work that is significant to many Member States. However, some have raised concerns that these efforts, along with OAS efforts related to scholarships, lead to overreaching mandates and siphon away resources from other critical priorities. There may be ways to modernize these priorities to achieve greater cost savings through other entities or the Inter-American Development Bank (IDB). I want to take a moment to note that the U.S. is a 30 percent shareholder of the IDB, and the IDB's initial selection of China to host the IDB's 60th anniversary annual meeting is unacceptable for the U.S. and others that want to see greater private sector investment and transparent governance in the Americas.

In conclusion, the Trump Administration has named this the "Year of the Americas," and I believe that the U.S. has a vital role to play in leading efforts to modernize the OAS, which desperately needs a new IT system for instance, and in ensuring that U.S. support for the OAS and Inter-American organizations support U.S. interests. To do so, the U.S. Mission to the OAS needs an Ambassador and a cohesive strategy. I urge my Senate colleagues to move quickly to confirm President Trump's nominee, Carlos Trujillo. With that, I turn to Ranking Member Sires for his opening remarks.

###

STATEMENT OF MR. THOMAS MELITO, DIRECTOR, INTERNATIONAL AFFAIRS AND TRADE, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. MELITO. Chairman Cook, Ranking Member Sires, and members of the subcommittee, I am pleased to be here to discuss our work regarding U.S. assistance to Inter-American organizations.

The United States belongs to several Inter-American organizations that, among other things, promote democracy, security, health care, agricultural development, and scientific exchange in the Western Hemisphere.

These organizations include the Organization of American States, the Pan-American Health Organization, the Inter-American Institute for Cooperation on Agriculture, and the Pan-American Institute of Geography and History.

The United States uses its membership in these organizations to promote U.S. interests in the Western Hemisphere.

My testimony today summarizes the findings from our June 2017 and December 2017 reports on U.S. assistance to Inter-American Organizations.

This testimony addressees three topics: First, U.S.-assessed contributions to the four organizations; second, the extent to which the organization's strategic goals align with those of U.S. agencies; and third, the extent to which U.S. agencies included and documented key monitoring provisions as part of their assistance agreements.

Regarding the first topic, State provides the United States' assessed contributions to these four organizations' regular budgets.

For calendar year 2016, the United States' assessed contributions to these four organizations totaled over $130 million and represented more than 50 percent of each organization's budget.

In October 2013, the U.S. enacted the Organization of American States Revitalization and Reform Act. The reform act directed the Secretary of State to submit a multi-year strategy that establishes that no member state pays more than 50 percent of the OAS' assessed fees.

Any change to OAS-assessed fees will also be reflected in U.S. contributions to the other three organizations. We found that the U.S. share of assessed contributions to the four organizations may be reduced in the future.

In 2014, State submitted to Congress a strategy for reducing U.S.-assessed contributions below 50 percent. In 2017, State officials informed us that they worked with other OAS member states including Canada and Mexico to explore quota reform options.

Soon after publication of our June 2017 report, OAS member states voted to draft a proposal to modify the quota structure to potentially reduce the maximum assessed contribution to below 50 percent.

According to State officials, the modification to the quota structure, if approved, will be gradual and will not be implemented until 2019 at the earliest.

Regarding our second topic, we found that the strategic goals of the four Inter-American organizations are predominantly aligned with the high-level strategic goals for the Western Hemisphere documented by State, USAID, HHS, and USDA.

According to officials, the agencies all consider U.S. strategic goals when deciding which projects to fund at the four organizations.

U.S. agencies on an ongoing basis evaluate each Inter-American organization to ensure that U.S. and organization goals are aligned.

For example, according to USAID officials, assistance policies and procedures ensure that all USAID-funded activities are linked to applicable U.S. agency strategies.

Regarding the third topic, State, HHS, USAID, and USDA fund activities at three of the organizations in the form of assistance agreements such as grants and cooperative agreements.

In our December 2017 report, we reviewed 12 such agreements across the four U.S. agencies and found that State and USDA did not include all key monitoring provisions in their agreements as called for by applicable guidance.

State has taken corrective actions since the grants were awarded. We also found that all four agencies did not have full documentation of the activities required by the 12 assistance agreements we reviewed.

State and HHS both initiated corrective actions prior to our review. Monitoring the implementation of U.S. assistance agreements and fully documenting the results of such monitoring are key management controls to help ensure that U.S. agreement recipients use Federal funds appropriately and effectively.

In our December 2017 report, we recommended that USDA ensure inclusion of all monitoring provisions as part of their agreements, and two, USAID and U.S. State ensure full documentation of monitoring activities.

The agencies concurred with these recommendations and indicated they will take actions to address them.

Chairman Cook, Ranking Members Sires, and members of the subcommittee, this concludes my prepared statement. I'd be pleased to answer any questions you may have at this time.

[The prepared statement of Mr. Melito follows:]

United States Government Accountability Office

Testimony

Before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, House of Representatives

For Release on Delivery
Expected at 2:00 pm ET
Wednesday, February, 14, 2018

INTER-AMERICAN ORGANIZATIONS

U.S. Share of Assessed Contributions and U.S. Agencies' Efforts to Monitor Assistance Agreements

Statement of Thomas Melito,
Director, International Affairs and Trade

GAO-18-357T

GAO Highlights

Highlights of GAO-18-357T, a testimony before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, House of Representatives

February 2018

INTER-AMERICAN ORGANIZATIONS

U.S. Share of Assessed Contributions and U.S. Agencies' Efforts to Monitor Assistance Agreements

Why GAO Did This Study

The United States belongs to several inter-American organizations, including the OAS, PAHO, IICA, and PAIGH, which promote democracy, security, health care, agricultural development, and scientific exchange in the Western Hemisphere. The United States helps finance these organizations' operating expenses through assessed contributions. The United States also provides voluntary contributions through the federal funding of assistance agreements to OAS, PAHO, and IICA.

This testimony is based on GAO's June and December 2017 reports that, among other things, (1) determined the amounts and percentages of U.S. assessed contributions to the four organizations, (2) assessed the extent to which U.S. agencies included and documented key monitoring provisions as part of their assistance agreements, and (3) assessed the extent to which the organizations' strategic goals align with those of U.S. agencies.

GAO analyzed documents and interviewed officials from State, HHS, USAID, USDA, and the four organizations. GAO analyzed the four organizations' audited financial reports and a nongeneralizable sample of 12 assistance agreements awarded by State, USAID, HHS, and USDA active in calendar years 2014 through 2016.

What GAO Recommends

In its December 2017 report, GAO recommended that (1) USDA ensure inclusion of all monitoring provisions as part of agreements and (2) USAID and USDA ensure full documentation of monitoring activities. USDA and USAID concurred with GAO's recommendations.

View GAO-18-357T. For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

What GAO Found

While the United States' assessed contributions constituted over 57 percent of total assessed contributions by member states to four inter-American organizations from 2014 to 2016, the U.S. share may be reduced in the near future (see table). In response to a statutory requirement, the U.S. Department of State (State) said it submitted to Congress a strategy that included working with the Organization of American States (OAS) member states toward ensuring that the OAS would not assess any single member state a contribution amounting to more than 50 percent of all OAS assessed contributions. At the OAS General Assembly in June 2017, OAS member states voted to draft a proposal to modify its system for determining member states' assessed contributions to potentially reduce the maximum assessed contribution to below 50 percent. The other three organizations use OAS's system for setting assessed contributions. Hence, any change in contributions at OAS should also be reflected at Pan American Health Organization (PAHO), Inter-American Institute for Cooperation on Agriculture (IICA), and the Pan-American Institute of Geography and History (PAIGH).

U.S. Assessed and Voluntary Contributions Provided to Four Inter-American Organizations for 2016, as Dollar Amounts and as Percentages of Totals for All Member States

	Assessed contributions dollars (percentage)	Voluntary contributions dollars (percentage)
Organization of American States (OAS)	49 million (59.47)	17 million (61.78)
Pan American Health Organization (PAHO)	63.5 million (59.45)	13 million (57.60)
Inter-American Institute for Cooperation on Agriculture (IICA)	17.5 million (59.47)	2 million (2.23)
Pan-American Institute of Geography and History (PAIGH)	0.3 million (57.59)	None (0)

Sources: GAO analysis of data from the OAS, PAHO, IICA, and PAIGH. | GAO-18-357T

State, the Department of Health and Human Services (HHS), the U.S. Agency for International Development (USAID), and the U.S. Department of Agriculture (USDA) provide voluntary contributions to OAS, PAHO, and IICA in the form of assistance agreements (e.g., grants and cooperative agreements). In December 2017, GAO reported that its review of 12 such agreements across the four agencies found that State and USDA did not include all key monitoring provisions in their agreements as called for by applicable guidance. State has since taken corrective action. GAO also found that all four U.S. agencies did not have full documentation of 18 of the 42 monitoring activities required by the 12 assistance agreements GAO reviewed. For example, USDA did not have full documentation, such as financial reports, of any of its 10 required monitoring activities, and USAID did not have full documentation of 2 of its 11 required activities. State and HHS said they initiated corrective action before our review. If an agency does not have full documentation of monitoring activities, it may lack information needed to make appropriate budgetary and programmatic decisions.

GAO found that the strategic goals of the OAS, PAHO, IICA, and PAIGH are predominantly aligned with the strategic goals of State, USAID, HHS, and USDA. According to agency officials, the agencies employ mechanisms to ensure that assistance agreements with these organizations align with U.S. goals.

Chairman Cook, Ranking Member Sires, and Members of the Subcommittee:

I am pleased to be here to discuss our work regarding U.S. assistance to inter-American organizations. The United States belongs to several inter-American organizations that, among other things, promote democracy, security, health care, agricultural development, and scientific exchange in the Western Hemisphere. These organizations include the Organization of American States (OAS), the Pan American Health Organization (PAHO), the Inter-American Institute for Cooperation on Agriculture (IICA), and the Pan-American Institute of Geography and History (PAIGH). The United States uses its membership in these organizations to promote U.S. interests in the Western Hemisphere. According to the Department of State (State), the OAS is the premier multilateral forum in the Western Hemisphere for regional dispute resolution and promotion of democratic governance. The United States also works with PAHO, IICA, and PAIGH to provide technical support and guidance in areas including public health, agriculture, and cartography.

State provides the United States' assessed contributions to these four organizations' regular budgets.[1] State, the Department of Health and Human Services (HHS), the U.S. Agency for International Development (USAID), and the U.S. Department of Agriculture (USDA) also provide project-specific voluntary contributions to the OAS, PAHO, and IICA through assistance agreements, which include grants and cooperative agreements.[2] For calendar year 2016, the United States' assessed contributions to these four organizations totaled over $130 million, and voluntary contributions to the OAS, PAHO, and IICA totaled $32 million. OAS, PAHO, IICA, and PAIGH have established mechanisms for overseeing their use of these funds, such as external auditors and internal audit boards as required by the standards of the Institute of

[1]The United States and other member states finance most of the regular budgets for these organizations through assessed contributions, which are used primarily to fund operating expenses.

[2]We worked with the four U.S. agencies and officials from the OAS, PAHO, and IICA to establish a consistent definition of "voluntary contributions" as funds provided by governments to these organizations for implementing specific projects outside the contributors' respective countries. According to PAIGH officials, PAIGH funds its regular budget and technical assistance projects through its assessed contributions from member states.

Internal Auditors. State and USDA have directly supported these oversight mechanisms.

My testimony today summarizes the findings from our June 2017 report and our December 2017 report on U.S. assistance to inter-American organizations.[3] This testimony addresses, for calendar years 2014 through 2016, (1) the amounts and percentages of U.S. assessed contributions to the four organizations, (2) the extent to which U.S. agencies included and documented key monitoring provisions as part of their assistance agreements, and (3) the extent to which the organizations' strategic goals align with those of U.S. agencies.

For our reports, we analyzed strategic planning and budget documentation from the four organizations for calendar years 2014 through 2016. We also interviewed officials from the four organizations, as well as officials from State, HHS, USAID, and USDA, which provide contributions to these four organizations. To assess U.S. agencies' oversight of assistance agreements, we identified 60 active assistance agreements that these agencies awarded to OAS, PAHO, and IICA during calendar years 2014 through 2016 and selected a nongeneralizable sample of 12 agreements, three each from HHS, State, USAID, and USDA. We selected the three agreements from each agency based on the lowest, median, and highest dollar value. We assessed whether the agencies' agreements included key monitoring provisions implementing applicable agency guidance.[4] We identified key monitoring provisions agencies are to include as part of their agreements as provisions that ensure oversight of the use of funds by requiring monitoring activities, such as financial and progress reports.[5] We then

[3]GAO, *Inter-American Organizations: Efforts Ongoing for Quota Reform at the Organization of American States, but Reaching Agreement Will Be Difficult*, GAO-17-572 (Washington, D.C.: June 6, 2017), and *Inter-American Organizations: U.S. Agencies Support Oversight Mechanisms but Could Enhance Their Monitoring of U.S. Assistance Agreements*, GAO-18-219 (Washington, D.C.: Dec. 29, 2017).

[4]The key monitoring provisions implement the agency guidance and regulations by assigning responsibilities to the agencies and recipients of the assistance agreements to carry out the required monitoring activities.

[5]These key monitoring provisions did not have to be identical to the language of the monitoring requirement in the agency guidance. However, the monitoring provision had to be related to the requirements. During the time period of our sample of assistance agreements, USDA did not have internal agency guidance applicable to the agreements, but instead cited applicable federal regulations. USDA has since created such agency guidance.

assessed the extent to which the agencies had documentation of the required monitoring activities and examined the documentation of monitoring activities that they provided. More detailed information on our scope and methodology can be found in the two reports cited above.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

According to State, the OAS is the primary inter-American political forum through which the United States engages with other countries in the Western Hemisphere to promote democracy, human rights, security, and development. While PAHO, IICA, and PAIGH are independent organizations, the *Charter of the Organization of American States* directs them to take into account the recommendations of the OAS General Assembly and Councils.[6] PAHO, a specialized international health agency for the Americas, works with member countries throughout the region to improve and protect people's health and serves as the Regional Office for the Americas of the World Health Organization, the United Nations agency on health. IICA, among other things, supports its member states' efforts to achieve agricultural development and rural well-being through consultation and the administration of agricultural projects through agreements with the OAS and other entities.[7] PAIGH specializes in regional cartography, geography, history, and geophysics and has facilitated the settlement of regional border disputes.

[6] *Charter of the Organization of American States (A-41)*, Chapter XVIII, Art. 126.

[7] *Convention on the Inter-American Institute for Cooperation on Agriculture*, Chapter I, Art. 4, March 6, 1979.

U.S. Assessed Contributions to Inter-American Organizations and the Reform Act

Member states collectively finance these organizations by providing assessed contributions in accordance with the organizations' regulations. The member states' assessed contributions are intended to finance the organizations' regular budgets, which generally cover the organizations' day-to-day operating expenses, such as facilities and salaries. The budgets are based on each organization's total approved quota assessment and other projected income.[8] Member states of each organization meet to review and approve the organizations' budgets. The exact dollar amount each member state is responsible for providing corresponds to its assessed percentage of the total approved quota assessment for any given year.[9]

In October 2013, the United States enacted the Organization of American States Revitalization and Reform Act of 2013 (Reform Act). The Reform Act directed the Secretary of State to, among other things, submit "a multiyear strategy that…identifies a path toward the adoption of necessary reforms that would lead to an assessed fee structure in which no member state would pay more than 50 percent of the OAS's assessed yearly fees." According to the Reform Act, it is the sense of Congress that, among other things, it is in the interest of the United States, OAS member states, and a modernized OAS that the OAS move toward an assessed quota structure that (1) assures the financial sustainability of the organization and (2) establishes, by October 2018, that no member state pays more than 50 percent of the organization's assessed fees.[10]

[8]All four organizations apply a similar formula to calculate the dollar amount each member state is responsible for providing. This formula is known as the "assessed quota structure," as explained later in this testimony.

[9]According to State officials, State pays the United States' assessed contributions from its International Organizations Program Account.

[10]Organization of American States Revitalization and Reform Act of 2013, Pub. L. No. 113-41, §§ 5(a)(1)(D)(i) and 4(15) (Oct. 2, 2013). The Reform Act refers to the annual assessed contributions as "assessed fees." State officials told us that these terms are interchangeable.

The United States Contributed Over Half of Total Assessed Contributions to the Four Organizations, but OAS Member States Have Voted to Consider a Reduction of the U.S. Share

In June 2017, we reported that the United States' assessed contributions constituted over 57 percent of total assessed contributions by member states to four inter-American organizations from 2014 through 2016 (see table 1). During this time, the annual U.S. percentages (or quotas) of these organizations' assessed contributions have remained about the same. Therefore, the actual amounts assessed to the United States generally remained the same.

Table 1: U.S. Assessed Contributions for Calendar Years 2014–2016, as Dollar Amounts and the Assessed Quota Percentages Used to Calculate the Amounts

	2014 dollars (percentage)	2015 dollars (percentage)	2016 dollars (percentage)
Organization of American States (OAS)	48.5 million (59.47)	49 million (59.47)	49 million (59.47)
Pan American Health Organization (PAHO)	66.5 million (59.45[a])	66.5 million (59.45[a])	63.5 million (59.45[a])
Inter-American Institute for Cooperation on Agriculture (IICA)	16.5 million (59.47)	16.5 million (59.47)	17.5 million (59.47)
Pan-American Institute of Geography and History (PAIGH)	0.3 million (57.59[a])	0.3 million (57.59[a])	0.3 million (57.59[a])
Total	**131.8 million**	**132.3 million**	**130.3 million**

Sources: GAO analysis of information from the OAS, PAHO, IICA, and PAIGH. | GAO-18-357T

Note: Each of the organizations establishes an assessed quota structure that sets each member state's percentage of the organization's total approved assessment for any given year. The data in the table reflect the quotas assessed to the United States and do not reflect total payments made by the U.S. government to the organizations' regular budget, which may include other miscellaneous payments.

[a]The United States' quota is slightly different at PAHO and PAIGH than at the OAS because of differences in membership that affect the assessed quota structures established by PAHO and PAIGH.

All four organizations apply a similar assessed quota structure that uses the relative size of member states' economies, among other things, to help determine each member state's assessed contributions. The OAS determines the assessed quota for each member state based on the

United Nations' methodology, as adapted for the OAS, using criteria that include gross national income, debt burden, and per capita income.[11] The other three organizations use OAS's system for determining member states' quotas to calculate their member states' assessed contributions. Thus, any change in the OAS's assessed quota structure should be reflected at PAHO, IICA, and PAIGH, according to their respective processes regarding the determination of assessed contributions.[12]

The U.S. share of assessed contributions may be reduced in the future. The Reform Act required State to submit a strategy identifying, among other things, a path toward the adoption of necessary reforms to the OAS's assessed quota structure that would lead to a structure in which no member state would pay more than 50 percent of OAS assessed contributions. In response to that requirement, State told us that they submitted to Congress a strategy that included working with OAS member states toward ensuring that the OAS would not assess any single member state a quota of more than 50 percent of all OAS assessed contributions. State officials informed us that they worked with other OAS member states, including Canada and Mexico, to explore assessed quota reform options. For example, State officials consulted with their counterparts from Mexico to review the OAS's assessed quota structure and to consult on alternatives that would adjust all member states' quotas so that no member state's quota exceeds 50 percent of the OAS's assessed contributions. Subsequent to our June 2017 report, at the OAS General Assembly in June 2017, OAS member states voted to draft a proposal to modify the quota structure to potentially reduce the maximum assessed quota to below 50 percent. According to State officials, the modification to the quota structure, if approved, would be gradual and would not be implemented until 2019.[13]

[11] *Methodology for Calculating the Scale of Quota Assessments to Finance the Regular Fund of the Organization*, AG/RES. 1 (XXXIV-E/07) rev. 1, November 20, 2007. This was originally adopted at the OAS General Assembly plenary session, held on November 13, 2007.

[12] For PAHO, see Provisional Agenda item 4.2, *New Scale of Assessed Contributions*, 54th Directing Council, September 2015. For IICA, see *Convention on the Inter-American Institute for Cooperation on Agriculture*, Chapter VIII, Art. 23. For PAIGH, see *PAIGH Organic Statutes, Rules of Procedure and Agreements 2013–2017*, Chapter XI, Art. 39.

[13] In the course of our audit work for the December 2017 report, we collected information on the status OAS's potential reform of its quota structure after the release of the June 2017 report.

U.S. Agencies Provided Voluntary Contributions to OAS, PAHO, and IICA through Assistance Agreements but Could Enhance Their Monitoring of These Agreements

State, HHS, USAID, and USDA fund activities at OAS, PAHO, and IICA in the form of assistance agreements. In our December 2017 report, we reviewed 12 such agreements across the four agencies and found that State and USDA did not include all key monitoring provisions in their agreements as called for by applicable guidance. State has taken corrective action since the grants were awarded. We also found that all four agencies did not have full documentation of 18 of the 42 monitoring activities required by the 12 assistance agreements we reviewed. State and HHS both initiated corrective action prior to our review of the grants.

U.S. Agencies Provided Voluntary Contributions through Assistance Agreements to OAS, PAHO, and IICA

The United States provided voluntary contributions to OAS, PAHO, and IICA through project-specific assistance agreements, such as grants and cooperative agreements. According to U.S. agency officials, the organizations' regional knowledge and technical expertise make them effective implementing partners for projects serving U.S. national interests and priorities throughout the hemisphere. From calendar years 2014 through 2016, the United States provided voluntary contributions totaling about $105 million to the OAS, PAHO, and IICA, as shown in table 2. In 2016, for example, the United States contributed $32 million, or approximately 22 percent of the total of $143 million from all member states. According to U.S. officials, levels of U.S. voluntary contributions vary year-to-year due to factors that include the schedule of multiyear agreement disbursements, sudden crises, and member states' priorities. For example, in 2016, USAID approved an assistance agreement for $2 million to OAS to support international observation of government elections in Haiti.

Table 2: U.S. Voluntary Contributions for Calendar Years 2014–2016, as Dollar Amounts and Percentages of All Member States' Voluntary Contributions

	2014 dollars (percentage)	2015 dollars (percentage)	2016 dollars (percentage)
Organization of American States (OAS)	18.5 million (48.26)	19.5 million (74.74)	17 million (61.78)
Pan American Health Organization (PAHO)	16 million (56.44)	13 million (69.84)	13 million (57.60)
Inter-American Institute for Cooperation on Agriculture (IICA)	2.5 million (2.61)	3.5 million (4.49)	2 million (2.23)
Total	**37 million (22)**	**36 million (29)**	**32 million (22)**

Sources: GAO analysis of data from the OAS, PAHO, and IICA. | GAO-18-357T

U.S. Agencies Could Enhance Their Monitoring of Assistance Agreements

In our review of 12 selected assistance agreements from State, HHS, USAID, and USDA (out of a total of 60 active agreements during calendar years 2014 through 2016), we found that none of the agencies had both consistently included all the key monitoring provisions for their agreements and fully documented the monitoring activities required by those provisions. For example, USDA did not have full documentation, such as financial reports, of any of its 10 required monitoring activities, and USAID did not have full documentation of 2 of its 11 required monitoring activities (financial and performance reports). U.S. agencies could have greater assurance that the organizations are using these funds as intended if they enhanced their monitoring of their assistance agreements.

Two of Four U.S. Agencies Did Not Include All Key Monitoring Provisions in the Agreements We Reviewed

Each of the four agencies has established applicable guidance that calls for agencies to conduct monitoring activities as part of their oversight of their assistance agreements.[14] The agencies implement their guidance by including key provisions to carry out required monitoring activities as part of their agreements. Federal standards for internal control call for agencies to include in agreements all key provisions delineating the parties' responsibilities. For the 12 agreements we reviewed, the number of key monitoring provisions per agreement varied depending on when

[14]During the time period of our sample of assistance agreements, USDA did not have internal agency guidance applicable to the agreements but instead cited applicable federal regulations. USDA has since created such agency guidance.

the agency issued and updated its guidance relative to when the agreements were approved.[15]

Federal standards for internal control call for agencies to document internal controls, transactions, and significant events.[16] Specifically, internal control standards state that agency management should include internal control activities (e.g., monitoring activities) in policies or directives for transactions such as assistance agreements.

For the 12 assistance agreements we reviewed, USDA and State did not include provisions implementing 6 of the 55 total (11 percent) monitoring activities required by applicable guidance (see table 3). For example, State did not include two of the key monitoring provisions (a risk assessment and a monitoring plan) in one of its agreements. State took corrective action in 2015 by issuing a standard operating procedure.[17]

[15]For purposes of this review, we reviewed all of the documentation provided to us by the agency to see if the key monitoring provisions were anywhere in the agreement file, even if they were not in the agreement itself. Also, we used the agency guidance that the agencies told us was applicable and which was in effect at the time the original agreements were issued.

[16]GAO, Standards for Internal Control in the Federal Government, GAO-14-704G (Washington, D.C.: September 2014), and Standards for Internal Control in the Federal Government, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999). Internal control is a process effected by an entity's management, oversight body, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

[17]Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement: PM/WRA Standard Operating Procedures, WRA-RM-SOP-006. (January 2015).

Table 3: Extent to Which U.S. Agencies Included Key Monitoring Provisions for Selected Agreements with the Organization of American States, Pan American Health Organization, and Inter-American Institute for Cooperation on Agriculture

	Not included	Partially included	Included	Total
USDA	4	1	8	**13**
State	2	0	19	**21**
USAID	0	0	6	**6**
HHS	0	0	15	**15**
Total	6	1	48	**55**

Sources: GAO analysis of documentation from the U.S. Department of Agriculture (USDA), Department of State (State), Department of Health and Human Services (HHS), and the U.S. Agency for International Development (USAID). | GAO-18-357T

Note: For purposes of this review, we reviewed all of the documentation provided to us by the agency to see if the key monitoring provisions were anywhere in the agreement file, even if they were not in the agreement itself. Also, we used the agency guidance that the agencies told us were applicable and which were in effect at the time the original agreements were approved.

None of the U.S. Agencies Had Full Documentation of Monitoring Activities Called for by All of Their Assistance Agreements That We Reviewed

The agencies specify the requirements to fulfill the key monitoring provisions in the individual assistance agreements, such as by requiring financial reports on a quarterly basis or including specific information in performance reports. Grants officers, if they deem it necessary or appropriate, include additional monitoring provisions requiring activities beyond those required by the applicable guidance, such as site visits.

Federal standards for internal control call for agency management to design monitoring activities, such as financial and performance reporting, so that all transactions are completely and accurately recorded.[16] Recording these activities maintains their relevance and value to management in controlling operations and making decisions. Without access to complete monitoring documentation, the agencies risk weakening the effectiveness of these controls.

None of the four U.S. agencies had full documentation of all of the monitoring activities required by their agreements we reviewed (see table 4). The agencies did not have full documentation of monitoring activities for 9 of the 12 agreements we reviewed. For the 42 monitoring activities identified across all of the individual agreements, the four agencies did not have full documentation of 18 of the activities (43 percent). However, State took corrective action in May 2017 to address its gaps in documentation, and according to HHS officials, the Food and Drug

[16]See GAO-14-704G.

Administration addressed its gap in documentation by implementing its agreement monitoring program in fiscal year 2018.

Table 4: Extent to Which U.S. Agencies Had Documentation of Monitoring Activities for Selected Assistance Agreements with the Organization of American States, Pan American Health Organization, and Inter-American Institute for Cooperation on Agriculture

	Not documented	Partially documented	Fully documented	Total
USDA	8	2	0	**10**
USAID	0	2	9	**11**
State	1	4	11	**16**
HHS	0	1	4	**5**
Total	**9**	**9**	**24**	**42**

Sources: GAO analysis of documentation from the U.S. Department of Agriculture (USDA), Department of State (State), U.S. Agency for International Development (USAID), and Department of Health and Human Services (HHS). | GAO-18-357T

The Strategic Goals of the Four Inter-American Organizations Are Predominantly Aligned with U.S. Agencies' Strategic Goals

In our December 2017 report, we found that the strategic goals of the four inter-American organizations are predominantly aligned with the high-level strategic goals for the Western Hemisphere documented by State, USAID, HHS, and USDA, as shown in table 5. For example, four of the five goals in State and USAID's Joint Strategy correspond with goals at the OAS, IICA, and PAIGH. According to officials, the agencies all consider U.S. strategic goals when deciding which projects to fund at OAS, PAHO, and IICA. U.S. agencies, on an ongoing basis, evaluate each inter-American organization to ensure U.S. and organization goals are aligned. For example, according to USAID officials, USAID's assistance project design and approval policies and procedures ensure that all USAID-funded activities are linked to applicable U.S. and USAID strategies.

Table 5: U.S. Strategic Goals for Foreign Assistance in the Region Compared with the Goals of Four Inter-American Organizations

U.S. strategic goals, by agency		Organizations' strategic goals	
State/WHA and USAID/LAC	• A secure and democratic future for all citizens in Latin America and the Caribbean • Social inclusion and essential social services for all peoples of the Americas • Expanded economic opportunity and prosperity for the hemisphere • A clean and secure energy future and the mitigation of and adaptation to the effects of climate change • A public opinion environment that is supportive of U.S. policy initiatives	**OAS**	• Democracy • Human rights • Integral development • Multidimensional security
		PAIGH	• Adaptation to climate change • Territorial management • Management of natural hazards • Historic heritage
		IICA	• Enhance agriculture's capacity to mitigate the effects of and adapt to climate change and make better use of natural resources •
HHS	• Protect and promote the health and well-being of Americans through global action • Improve global health and well-being by providing international leadership and technical expertise in science, policy, programs, and practice • Advance United States interests in international diplomacy, development, and security through global action	**PAHO**	• Promote health and well-being • Advocate a multisectoral approach aimed at addressing the social determinants of health • Foster collaboration with all the countries and territories toward the progressive realization of universal health coverage
USDA	• Trade promotion • Trade policy • Trade capacity building and food security	**IICA**	• Make the agricultural sector more productive and competitive • Enhance agriculture's contribution to territorial development and to rural well-being • Enhance agriculture's contribution to food security contribution to food security

Sources: GAO analysis of strategic documents from the Department of Health and Human Services (HHS), Department of State's (State) Bureau of Western Hemisphere Affairs (WHA), U.S. Agency for International Development's (USAID) Bureau for Latin American and the Caribbean (LAC), U.S. Department of Agriculture (USDA), Organization of American States (OAS), Pan American Health Organization (PAHO), Inter-American Institute for Cooperation on Agriculture (IICA), and Pan-American Institute of Geography and History (PAIGH). | GAO-18-357T

Note: According to agency officials, these goals are subject to revision and will be updated in accordance with the policies of the current administration. State/WHA and USAID/LAS's joint strategy and USDA's strategic plan were to be in effect during fiscal years 2015-2018. HHS's strategy was to be in effect during fiscal years 2015-2019.

In conclusion, monitoring the implementation of U.S. assistance agreements and fully documenting the results of such monitoring are key management controls to help ensure that U.S. agreement recipients use federal funds appropriately and effectively. The agencies risk weakening the effectiveness of these controls by not including in their assistance agreements all the key monitoring provisions called for by applicable agency guidance. Further, if the agencies do not have full documentation of the agreements' required monitoring activities, they may not be able to

effectively manage federally funded projects that support U.S. strategic goals. In addition, agencies may not have all the information they need to make budgetary and programmatic decisions.

In our December 2017 report, we recommended that (1) USDA ensure inclusion of all monitoring provisions as part of agreements and (2) USAID and USDA ensure full documentation of monitoring activities. The agencies concurred with these recommendations and indicated that they will take actions to address them. For example, USAID said it would issue an agency notice to remind all agreement officers to maintain complete files for each agreement.

Chairman Cook, Ranking Member Sires, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to answer any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Thomas Melito, Director, International Affairs and Trade at (202) 512-9601 or melitot@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony include Pierre Toureille (Assistant Director), Julia Jebo Grant (Analyst-in-Charge), Leslie Stubbs, Paul Sturm, Alana Miller, Shirley Min, Kira Self, and Rhonda Horried. In addition, David Dayton, Martin de Alteriis, Neil Doherty, Jeff Isaacs, and Alex Welsh provided technical assistance.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.
Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (http://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to http://www.gao.gov and select "E-mail Updates."
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537. Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.
Connect with GAO	Connect with GAO on Facebook, Flickr, LinkedIn, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at www.gao.gov and read The Watchblog.
To Report Fraud, Waste, and Abuse in Federal Programs	Contact: Website: http://www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470
Congressional Relations	Orice Williams Brown, Managing Director, WilliamsO@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548
Strategic Planning and External Liaison	James-Christian Blockwood, Managing Director, spel@gao.gov, (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548

Please Print on Recycled Paper.

Mr. COOK. Thank you very much. I must say, you were right on the second. I wish I could do that.

Mr. Aguilar, you are now recognized.

STATEMENT OF MR. ALFONSO AGUILAR, PRESIDENT AND CEO, INTERNATIONAL HUMAN RIGHTS GROUP

Mr. AGUILAR. Chairman Cook, Ranking Member Sires, and members of the subcommittee, thank you for the opportunity to be part of this afternoon's hearing.

From the outset, I would like to state my strong belief that a strong OAS is needed to promote democracy and human rights in the region.

Yet, we must recognize that the relevance of the OAS has been seriously diminished. For the last 20 years, as left-leaning autocratic regimes have taken hold in countries like Venezuela, Bolivia, and Nicaragua, manipulating elections, overturning the existing constitutional order, and violating fundamental, political, and human rights, the OAS hasn't been able to take any meaningful action to address these situations.

It is important, therefore, that we ask what has led to this situation and what the U.S. can do to turn things around at the OAS.

First, we must understand that the basic structure of the OAS as established in its charter, and its consensus approach to decision making inherently limits and slows down the ability for the organization to act swiftly or at all.

It's very easy for a significant minority of countries to prevent the organization from taking action on important matters. A good example of this is the case of Venezuela. A small coalition of nations ideologically aligned with Venezuela, which includes countries like Bolivia, Ecuador, and Nicaragua, with the support of the small but numerous island states of the Caribbean, has prevented the deteriorating situation in the country from being properly addressed by the organization.

The OAS hasn't been able to pass a resolution to denounce the abuses of the Maduro regime. This obstructionism, however, has generally prevailed due to the leadership vacuum at the OAS left by the U.S.

The U.S. today seems to have lost interest in the OAS and is not exerting adequate and proper leadership in the organization.

The OAS needs strong leadership from the largest and oldest democracy in the hemisphere. It's not about being heavy handed or trying to impose our way.

It is about regularly and consistently playing a leadership role to try to forge the necessary consensus to make the organization work.

Furthermore, the continuous new mandates and initiatives the organization takes up as well as the overly broad strategic goal of promoting development in the region may also distract the organization from properly addressing the regional challenges to democracy and human rights.

The OAS manages projects and technical assistance programs in a wide array of issues. Many experts argue that these initiatives are well beyond the organization's expertise, and human and finan-

cial resources and could be better managed by a multilateral agency like the Inter-American Development Bank.

Turning now to the Inter-American Commission on Human Rights and the Inter-American Court of Human Rights, I should say that something quite different is happening with these bodies.

These forums are affiliated to the OAS but they're autonomous and act independently of member states. Both the Commission and Court have actually acted swiftly to condemn attacks to democracy and human rights in the region.

The Commission has issued important reports and precautionary measures on human rights violates in Bolivia, Ecuador, and Venezuela, and the Court has issued strong sentences against rulings from Venezuela and courts controlled by the regime which violate the fundamental rights of its citizens.

The problem, however, with these bodies is that they are compromising their credibility by often weighing in a myriad of issues that go beyond their mandate under treaty law and that are of the internal jurisdiction of member states.

The Commission recently questioned the U.S. Government's decision to end temporary protected status for nationals from certain countries, calling on this Congress to provide them with legal status.

In 2011, the Commission requested the Government of Brazil to halt work on a hydroelectric plant until it addressed concerns from indigenous communities.

The Brazilian Government responded by suspending relations with the Commission as well as its funding to it, calling the request precipitous and unwarranted.

The Court, for its part, has been issuing rulings and opinions not based on the text of the American Convention of Human Rights.

Just last month, without any basis of the actual text of the convention, the Court issued an advisory opinion instructing member states to recognize same-sex marriage and gender identity.

Disinformation in the internal affairs of member states have understandably caused great concern in the countries of the region and are perceived as an attempt against their sovereignty and constitutional order.

The recent Court's advisory opinion on same-sex marriage became the principal issue in the general elections in Costa Rica, propelling to victory in the first round of the Presidential election the candidate of a small party who promised to withdraw Costa Rica from the Court.

In the case of the Court, since we are not under its jurisdiction, the U.S. could demand that none of our funds are used to finance the Court until it goes back to working within the legal mandate and framework under which it was created.

I thank you for the opportunity to testify on this important issue and will be happy to answer the questions that you may have.

[The prepared statement of Mr. Aguilar follows:]

Testimony of Alfonso Aguilar
President, International Human Rights Group

House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere

Hearing on "Advancing U.S. Interests Through the Organization of American States"
February 14, 2018

Chairman Cook, Ranking Member Sires, members of the Sub-Committee, thank you for the opportunity to be part of this afternoon's hearing.

My name is Alfonso Aguilar and I am the president of the International Human Rights Group, a Washington, DC based legal foundation that seeks to defend and promote fundamental human and political rights throughout our Hemisphere.

From the outset, I would like to state my strong belief that a strong OAS is needed today to promote democracy, security, peace and human rights in the region.

And while we must recognize that the OAS continues to be the most important multilateral organization in the Hemisphere, the only one that includes the U.S. and Canada, it is undeniable that its relevance has been seriously diminished.

For the last fifteen to twenty years, as left-leaning autocratic regimes have taken hold in countries like Venezuela, Bolivia and Nicaragua, manipulating elections, overturning the existing constitutional order and violating fundamental political and human rights, the OAS hasn't been able to take any meaningful action to address these situations.

It is important, therefore, that we ask what has led to this situation and what the U.S. can do to turn things around so that the OAS can begin to function again as a relevant forum for the protection of democracy and human rights in the Hemisphere.

First, we must understand that the basic structure of the OAS, as established in its Charter, inherently limits and slows down its ability to act swiftly or at all. Decisions are usually made by consensus or only when there's a large majority for a specific course of action.

Needless to say, it's very easy for a significant minority of countries to prevent the organization from taking action on important matters. A good example of this is the case of Venezuela.

A small coalition of nations ideologically aligned with Venezuela, which includes countries like Bolivia, Ecuador and Nicaragua, with the support of the small but numerous island states of the Caribbean, has prevented the deteriorating situation in the country from being properly addressed by the organization. To this day, the OAS hasn't been able to pass a resolution to denounce the abuses of the Maduro regime.

The new socialist countries of the region have been very effective in manipulating the consensus-based decision-making system of the OAS to obstruct any effort that could challenge their legitimacy. But, ironically, what has allowed them to be so successful is the leadership vacuum at the OAS left by the U.S.

During the last century, the OAS was influential in the region because the U.S. was very engaged in it. The U.S. relied on it as one of the main forums through which to advance its interests. The U.S. today, however, seems to have lost interest in the OAS and is not exerting adequate and proper leadership in the organization.

The OAS needs strong leadership from the largest and oldest democracy in the hemisphere. It's not about being heavy-handed or trying to impose our way. It's about regularly and consistently playing a leadership role to try to forge the necessary consensus to make the organization work.

There's no way around it: to begin restoring the influence of the OAS in the region this and future administrations need to make a clear policy commitment to re-engage in the high-diplomacy efforts of the organization. Congress, through the leadership of its members and the relevant committees and subcommittees such as this one should press upon the administration the urgency of this endeavor.

The continuous new mandates and initiatives the organization takes up as well as the overly broad strategic goal of promoting development in the region, which is actually one of the organization's so-called four pillars as defined by its Charter, may also distract the organization from properly addressing the regional challenges to democracy and human rights. The Department of Economic Development of the OAS's Executive Secretariat for Integral Development, for instance, manages projects and technical assistance programs to promote competitiveness, innovation and technology, trade and economic development, culture and tourism and corporate social responsibility. Many experts argue that these initiatives are well beyond the organization's expertise and human and financial resources and could better be managed by a multilateral agency like the Inter-American Development Bank.

It's my understanding that our Mission, based on the OAS Revitalization and Reform Act of 2013, which calls for limiting and prioritizing new mandates, has been working within the

organization to address this problem and try to narrow the focus of these programs. I suspect that this is another predicament that would benefit from renewed leadership from the U.S.

Turning now to the Inter-American Commission of Human Rights and at the Inter-American Court of Human Rights, I should say that something quite different is happening with these bodies. These forums are affiliated to the OAS, but they are autonomous and act independently of member states.

Both the Commission and Court have actually acted swiftly to condemn attach to democracy and human rights in the region. The Commission has issued important reports and precautionary measures on human rights violations in Bolivia, Ecuador and Venezuela, particularly regarding freedom of the press). And the Court has issued strong sentences against rulings from Venezuelan courts controlled by the regime which violate the fundamental rights of its citizens guaranteed in the American Convention of Human Rights.

The problem with these organizations is that they are compromising their credibility by often weigh-in on a myriad of issues that go beyond their mandate under treaty law and that are of the internal jurisdiction of member states.

The Commission regularly issues statements about matters outside its treaty law purview. It has questioned U.S. government's decision to end Temporary Protected Status for nationals from certain countries and has called on the U.S. Congress to pass gun control laws.

In 2011, the Commission issued a precautionary measure requesting the government of Brazil to halt work on a hydro-electric plant until it addressed concerns from indigenous communities. The Brazilian government responded by suspending relations with the Commission as well as its funding to it, calling the request "precipitous and unwarranted."

The Inter-American Court, unfortunately, is following the same route. The Court is engaging continuously on judicial activism, issuing rulings and opinions not based on the text of the American Convention of Human Rights. In August of last year, for example, in the case of Lagos del Campo vs. Peru, the Court, went beyond its duty to interpret the Convention and based on a broad clause from it, crafted specific labor standards for all the nations under its jurisdiction. And just last month, without any basis on the actual text of the Convention, the Court issued an advisory opinion, which had been requested by the government of Costa Rica, instructing not only the twenty countries under its jurisdiction, but incredibly all OAS member states, to recognize same-sex marriage and "gender identity."

These intromissions of the Commission and the Court in the internal affairs of member states understandably cause great concern in the countries of the region and are perceived as an attempt against their sovereignty and constitutional order.

The recent Court's advisory opinion on same-sex marriage has generated great uproar throughout the region, not only because of the subject matter, but because of the Court's overreach. In Costa Rica, it became the principal issue of the general elections, propelling to victory in the first round

of the presidential election the candidate of a small party who made a campaign promise to withdraw Costa Rica from the Court.

On this front, again, we need leadership from the U.S. The U.S. should raise its voice at the OAS to express concern about this trend in the Commission and Court. This would be well received by most member states and would open the door to a frank discussion about how to rein-in the excesses of the Commission and the Court.

The U.S. should also begin to pay more attention to the candidates that are being nominated to the Commission to ensure they are objective human rights experts and not activists committed to advancing a particular ideological perspective, from the left or the right. Ensuring the impartiality of Commissioners would go a long way in restoring full credibility to the Commission.

In the case of the Court, even though we are not under its jurisdiction, part of our financial contribution to the OAS regular fund goes to fund the Court. The U.S. could demand that none of our funds are used to finance the Court until it goes back to working within the legal mandate and framework under which it was created.

In conclusion, I think it's important to realize that there are no easy structural fixes or reforms that can restore the OAS to its previous relevance in the region. The OAS can only become pertinent again if the U.S. fully reengages in the organization and become actively involved in forging broad coalitions in support of the agenda of democracy and human rights.

I thank you for the opportunity to testify on this important issue and will be happy to answer the questions that you may have.

Mr. COOK. Thank you very much.

Mr. Quilter, you are now recognized.

STATEMENT OF MR. PETER QUILTER (FORMER SECRETARY FOR ADMINISTRATION AND FINANCE, ORGANIZATION OF AMERICAN STATES)

Mr. QUILTER. Chairman Cook, Ranking Member Sires, members of the distinguished subcommittee, thank you for the opportunity to return to testify today, this time on the OAS, its place in the foreign policy options of the United States, and its place in the region.

I am not going to tell you that the organization is the premier forum for dialogue. I am not going to tell you it's the oldest regional organization around. I am not going to tell you that it's the only multilateral game in town, mostly because the two of you just told us that and you know it.

What I will say is that we need it now more than ever, and by we, I mean the United States. Let me describe the neighborhood as I see it right now.

Venezuela is swirling down an economic and political drain. Brazil and Peru are grappling with the result, and with epic levels of corruption in their political classes.

Hondurans appear stuck with the results of an election most observers agree was stolen. The Caribbean area is struggling with the increasingly dire consequences of climate change and the Northern Triangle countries of Central America are being strangled by violence, drugs, and economic distress with the attendant destabilizing consequences on migration flows.

Now, let me describe the U.S. relationship to this region right now. Secretary Tillerson just returned from his second trip to the neighborhood, intended basically to manage feelings of deep unease.

Why? President Trump. Here are the highlights. He's pulled the U.S. out of the TPP. Obviously, several Latin American countries are part of it.

He's threatened to exit from NAFTA, calling it the worst trade deal in history, with untold consequences for the economies of both Mexico and Canada, to say nothing of the U.S. itself.

He has weaponized the immigration issue which, of course, has special resonance for Latin Americans and specifically targeted 200,000 immigrants here by ending TPS.

This month, he appeared to threaten to cut off counter narcotics aid to our strongest allies in the counter narcotics effort.

His budget released Monday appears to bear this out. And then there's the wall. The Gallup Organization has placed the approval of the United States and its President in this region in 2017 at 16 percent—one six.

As someone else said, there's six elections in 2018 coming in this region, all of which are very important. The U.S. faces an unprecedented challenge and it faces it now.

It needs a strong and functional multilateral forum to meet that challenge. Multilateralism in this context is the OAS. In my written testimony, I have a longer series of recommendations for action but I am going to highlight a few.

The financial plight of the organization—I will say this because secretary generals don't like to say it. The OAS is operating today in the context of a full blown financial crisis.

It is down 23 percent in its budget in real terms in the past 10 years. There is nothing left to cut. I was the guy who was trying to cut things for a couple of years.

There is nothing left to cut. So they cut the staff. It's very easy to see that over time that will destroy the organization.

Second, the OAS is a creature of foreign ministries, not Presidents. Effectively, that's creating a political ceiling for the organization. We need to get it out from under the foreign ministries.

I think the way to do that is to tie it more directly with the summit process so that they formally answer to the Presidents and you should know that Venezuela is the implacable foe of that idea, and there's a reason why.

Number three, the buildings—it's a pet peeve of mine—we know that the buildings like the beautiful one on 17th Street are, in fact, falling apart.

They look beautiful, but they're falling apart. The OAS is carrying $30 million in deferred maintenance and they've been carrying it for years.

The longer you don't maintain, the more expensive it gets. I believe the U.S. has a special responsibility because we are the host country.

Number four, the secretary general should have one single term. Secretary General Almagro has said he will be a one-term secretary general. I give him a lot of credit for that. It has bolstered him politically. I believe the OAS should institutionalize that. No reelection.

Summarizing, yes, concerted action is needed. Resources are needed in order to stand this organization back up. It is also likely that we will need some sort of action-forcing event.

I think it's distinctly possible that the action-forcing event will be the fall of the Maduro government in Venezuela. That's going to happen.

When it happens, Venezuela will need all the help it can get. The OAS will be the go-to organization. It needs to be strong and it needs to be ready.

Thank you.

[The prepared statement of Mr. Quilter follows:]

COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITEE ON THE WESTERN HEMISPHERE
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

February 14, 2018

Hearing Title: Advancing U.S. Interests Through the Organization of American States

Statement of Peter Quilter, Former Secretary for Management and Finance at the Organization of American States

Chairman Cook, Ranking Member Sires, members of the distinguished subcommittee, and subcommittee staff, thank you for the opportunity to return to testify today, this time to shine a light on the Organization of American States (OAS), its place in the region, and its place in the policy options of the United States.

Overview

Almost exactly a year ago, Sec. Tillerson was hastily dispatched to Mexico to rescue a long-standing relationship that Trump had summarily set on fire. Today, the Secretary has just returned from another trip to our neighborhood where he tried to assuage feelings of deep unease.

The trip was intended to rally support for concerted action on Venezuela and to highlight China's increasing economic and political presence in the region. But in what we might describe as an Olympic effort at burying the lede, Sec. Tillerson instead led off with a shout out to the 200 year old Monroe Doctrine, and a suggestion that the Venezuelan military should remove strongman leader Maduro from power.

The hair on the back of the hemispheric neck bristled.

To be fair, our neighbors reacted patiently because they know the Americas are experiencing significant problems far beyond ham-handed statements. Venezuela is indeed swirling down an economic and political drain (and kudos to Sec. Tillerson for keeping this issue front and center in his trip); Brazil and Peru are grappling with epic levels of corruption in their political classes; Hondurans appear stuck with the results of an election most observers agree was stolen; the Caribbean area is struggling with the increasingly dire consequences of climate change; and the Northern triangle countries are being strangled by violence, drugs and economic distress with its attendant, destabilizing effects on migration flows.

Setting this table would not be complete without mentioning what candidate and then President Trump has said and done that directly impacts the course and people of this region. Here are the highlights:

1. He has pulled the US out of the TPP, which of course includes several Latin American countries.

2. He has threatened to exit from NAFTA, calling it the "worst trade deal in history", with untold consequences for the economy of both Mexico and Canada – to say nothing of the U.S. itself.
3. He has weaponized the immigration issue, which has special resonance for Latin Americans, and specifically targeted 200,000 immigrants here by ending Temporary Protected Status (TPS).
4. This month, he appeared to threaten to cut off counter narcotics aid to our strongest allies in this effort.
5. In the OAS itself, the Trump administration shamefully stood alone in not joining colleagues in support of the Inter-American Court's ruling in favor of LGBT rights.
6. And then there is the wall.

The Gallup organization places 2017 approval of the US policies and its President in the Americas at 16%. The U.S. has before it an unprecedented challenge in the task of facing the hemisphere's problems, and rebuilding its standing and trust in its own neighborhood. Multilateralism is a critical component of that effort, and the U.S. cannot afford to ignore it.

The OAS

Multilateralism falls in and out of favor as a tool of U.S. foreign policy, but is undeniable that it has historically been a critical arrow in the U.S. quiver. In the Americas, the point of that arrow is the Organization of American States (OAS). Originally founded in 1910 as the Pan American Union, the OAS is the world's oldest regional body.

We can probably all agree that the OAS does some things very well – mostly related to elections, special political missions and human rights—and that it does some things less well, such as development work.

We likely also agree that today the OAS is weak, institutionally as well as politically.

In a previous appearance in this Subcommittee, I explained that the OAS's weakness is partly ---but only partly --- the result of an intentional campaign waged by Venezuela that began in the Hugo Chavez years and continues unabated today under Maduro, to systematically undercut the strengths of the OAS. With another year of hindsight to test that hypothesis, it holds up pretty well.

But the relentless campaign to weaken the OAS is far from its only problem. Its current financial plight cannot be overstated. No Secretary General wants to be the one that lost the OAS, so this issue gets underplayed. So I will say it: the OAS is operating today in the context of a full blown financial crisis. The budget has shrunk 23% in real terms in the past ten years, while its workload continues to increase. Any organization can cut and trim its way to a leaner structure, but as the guy who ran the place administratively for a few years, I can confidently say the OAS long ago ran out of places to cut. Instead, it has been forced to reckon with its budgetary woes by shrinking its most valuable asset: its staff. To allow this cycle to continue is to watch the organization sink into irrelevance.

Where has the US has been as the region's premier venue to discuss and safeguard democracy and human rights has withered to the point of ineffectiveness? Sadly, the answer is the US has been quite simply outmaneuvered by Venezuela. The US took far too long to figure out Venezuela's game, and has

not devoted the resources to counter-act that effort. As such, the US failed to see that by allowing the OAS to weaken, it was losing a valuable foreign policy asset. To be clear, this neglect significantly precedes the Trump administration.

All of this said, the U.S. and those who support the OAS as an institution and as a critical component of a democratic future for the hemisphere, can and should begin now to seek positive reforms. Following I lay out some recommendations for action.

- The Quota System: The resource weaknesses of the OAS are structural. Quotas are fixed, not indexed, creating a downward budgetary spiral. There are no penalties for countries who pay their dues late or not at all, and the OAS has no reserve fund to weather that resource volatility. Worse, in a case of incentives gone wild, member states get a discount when they pay what they owe when they owe it. All this must change. The US has a chance to push to clean up this system as it seeks to implement US Pub.L. 113-41, The Organization of American States Revitalization and Reform Act of 2013, passed by among others, this subcommittee. This U.S. law attempts to insure that over time no member state foots more than 50% of the OAS's quota fee. Currently the U.S. pays about 59%. But to be clear, the idea is NOT to have the US simply pay less. It is, rather, to remove from the table the constant accusation that because the US pays such a big bill, the Organization is captured by US interests.
- Development: The OAS needs to spin out of the organization the tasks that weigh it down, primarily development work, in which the OAS has no comparative advantage. The main beneficiaries of this OAS work, mainly Caribbean countries, are unlikely to let this go unless they get a better deal. They can and should, but through the Inter-American Development Bank, the CAF and the World Bank.
- The OAS is structured in such a way that it answers to each country's Foreign Ministries. This effectively creates a bureaucratic and political ceiling for it within member state governments that it perennially struggles to break through. The solution is to more closely meld its operations and accountability to the Presidential Summit process. The OAS already acts as a de-facto secretariat for the Summit agenda-crafting process. It now needs to formalize other parts of its structure to formally be guided by and answer to the region's Presidents. With that added clout, it is far more likely to implement the reforms it so sorely needs. It is no accident, by the way, that Venezuela has been the implacable foe of this idea.
- As it restructures to serve the region's Presidents, the OAS should also take a hard look at its governance structure. The Permanent Council and its committees are unwieldy and duplicative. It should look to becoming less operational and focus more on its political role.

- From my two years in the chief administrative position at the OAS, I believe very strongly the U.S. has a special responsibility and role to ensure and encourage an ethical and sound administration of the OAS's resources and practices. The US can do this in two ways:

1. Bolster the Secretary for Administration position: Reflecting the U.S.'s role as the main contributor to the organization, a U.S. citizen has always occupied the top administrative post at the OAS, which is also set as the third ranking position in the chain of command. The U.S. should ensure that this continues to be the case, and to marshal its clout to bolster the authority of that position. Over the years, the authority of this position has slipped, as has the U.S.'s eyes and ears into the inner workings of the OAS and its attendant accountability.
2. Inspector General: The I.G. position needs transparent independence from the Secretary General, both in terms of budget as well as lines of authority. It should answer only to the Permanent Council, and derive all of its authority from the Council. An Inspector General cannot possibly hold the SG and the SG's dependencies in the OAS (virtually all of them) while answering to him for staffing and budget.

- The Buildings: While these reforms must be undertaken by its entire membership, one item, in my estimation, falls disproportionately to the US: the state of the buildings that house OAS staff and operations. They are literally falling apart. The OAS has for years been carrying more than $30m in deferred maintenance for its facilities, fixing things in a patchwork when they break. This includes the beautiful building on 17th street. Without a significant intervention from the host country, these facilities risk becoming a Potemkin village. If the OAS were headquartered in Geneva, I would expect the Swiss government to step up. But it's not. It's in Washington DC, steps from the White House. The U.S. needs to step up.

The role of the Secretary General:

I have worked for three SGs. I am convinced that it is in the interest of the U.S. to bolster and support the independent and activist role of the SG. There is much hand-wringing these days about the political role the SG should play vis a vis the OAS's governing Permanent Council. SG Almagro has been outspoken on the Venezuelan government's undemocratic actions, and several countries in addition to Venezuela are trying to shut him up. Formally, the OAS acts through its Permanent Council, issuing proclamations that have been filtered through its membership's interests and concerns. When they do agree, the statement is powerful precisely because it is backed by the entire membership of the organization. But the reality is that current hemispheric polarization has sapped the strength and the number of those consensus statements. The SG has traditionally tried to fill that vacuum with his own voice, ensuring that the OAS's cardinal tenets, democracy and human rights promotion, do not get buried in the hemispheric discussion. Some have suggested that perhaps this role should be clarified or even formalized. I disagree. I believe any effort to legislate the SG's actions will end up clipping his wings.

SG Almagro's pronouncements are not without controversy, and I am happy to talk about these in the hearing. But Almagro has helped his position greatly, and should be commended, for

vowing to be a one-term SG. This has given him significant latitude and credibility. The OAS should more than follow his example; it should institutionalize this and limit all SGs to a single term. Five years is plenty of time to be at the helm of the OAS, and ten is decidedly too many.

Conclusion

Today's hemispheric environment is intensely challenging. The Trump administration's "America First" posture is acutely jarring for this region, and Trump's rhetoric is needlessly reckless on so many issues that directly affect our neighbors. It comes as Latin America is experiencing dramatic change. As the U.S. leaves a leadership vacuum or worse, the region searches for integration, both with its neighbors and with the rest of the world.

This is not the tie for vanishing U.S. leadership. This is the time for a stronger OAS. No fewer than six countries in the Americas will hold elections in 2018, representing two thirds of the region's population. Human rights and democratic institutions cannot be taken for granted at this time, and the need is critical for the OAS's institutional framework and efforts in this regard.

The US has consistently been among the OAS's friends, and I sincerely hope that continues with this administration. That said, being its friend will not solve its structural problems. That will require concerted effort and resources from all its member states. It may also require an action-forcing event that wakes up its membership to its worth and utility. Counterintuitively, that action forcing event might well be the fall of the Maduro regime in Venezuela.

The depths to which Maduro has taken Venezuela and its people is breath taking, and seems to find a new bottom as every day goes by. But Maduro will fall. And Venezuela will need all the help it can get to get back on its feet. When that happens, we will need a strong OAS at the ready. The time to restore the strength of the OAS is now. That cannot happen without the U.S.

Those of us who have championed a stronger OAS for years have constantly admonished that if we don't fix it, the OAS's doors will close. Actually, the doors will not close. It may be worse. Without significant investment by its membership, the OAS will become so weak and irrelevant that it is constantly manipulated for political ends--- a multilateral organization which only appears to champion democracy and human rights, but is powerless to make it happen. This is the worst possible outcome, and would represent a grave defeat for the U.S. and for the region as a whole. Thank you.

Mr. COOK. Thank you very much. I will yield myself 5 minutes for questions.

You know, a lot of great points were raised there and just to let you gentlemen know, I am also on the NATO Parliament and it's—I felt like, wait a minute, I am at a NATO meeting right now.

We are all going to try to agree on 29 countries where we are going, plus the other ones. It's very, very difficult when you have these multilateral groups in getting a consensus, and part of the reason we are doing this is, I think, we are looking for direction or maybe the words form the experts.

I don't know if we can ever get there simply because of the complexity and the number of countries that are involved and the issues.

I do agree that if we get down there in the weeds too much and we start lecturing or sermonizing certain countries about what is in their country there, I think we run the risk of countries just saying, we don't need this stuff anymore.

They want to be part of this. They want to work together. And I am looking for solutions and, obviously, on how we can simply this where maybe we can at least have a new action plan to simplify this.

Obviously, we don't even have our agencies there working together, let alone the countries, and it's going to impact on the budget and where we go so that our missions, what we want to accomplish are several—it's too important an organization to screw up.

And so we are having this hearing today. We'll probably have more on this. How we, and whether we, can solve this problem in the future—I think were just one of many.

But if this thing blows up, it's like NATO blowing up the U.N. I can go on and on and on. Yes, there's always going to be faults to this but I think if we don't meet and we don't get together—but I think we got to keep our topics very general, try and get a buy-in, a consensus as much as possible so we can attack some of these things, and with that consensus maybe we can get better funding for it.

Any comments on my diatribe? Left you speechless.

[Laughter.]

Mr. AGUILAR. Back to my statement, I agree with you. But that requires a high-level commitment from the administration and from future administrations to be actively involved in the OAS.

I remember everyone saying there's many experts that say that for the past 15 to 20 years the U.S. hasn't been really been present, actively engaged.

I think if we are involved in the process of high-level diplomacy at the OAS and the region, we may be able to forge the coalitions to be able to pass resolutions, for example, a resolution denouncing Venezuela.

I think we've had an issue with the Caribbean countries. I think if we engage the Caribbean countries in a conversation to see how they can support us at the OAS, we may be able to create a consensus. I think that's happening. I think we are present there but I don't think we are having a leadership role.

Mr. COOK. Well, I agree with you. I made this comment when I first took over this committee that we've kind of ignored the region for a variety of reasons, and it shows.

Just like we are flip-flopping, whether it was Europe or whether it was the Far East or China. But I think because of all the issues that we've talked about, the number of countries, it's just too important to the United States to ignore and how we do that I think is going to be very, very difficult.

A lot of us have been on different committees and everything else and it's easy to say one thing and then when you get together, hammering out a consensus.

But I want to turn it over to Mr. Sires. You are now recognized.

Mr. SIRES. Thank you, Chairman.

You know, over the years I've been very critical of the OAS, critical because, in reality, you know, they never spoke up about human rights abuses anywhere.

I thought they were controlled by just a few countries, you know, which I think managed the OAS for their benefits, and we are seeing it today with Venezuela where Venezuela is, you know, blocking anything that the OAS wants to do.

They get together with a couple of countries and, to me, it's like an organization that—where is its usefulness?

In fact, can anybody tell me what is the most effective part of the OAS besides the guy living over here in Washington, DC, in a nice house?

Mr. QUILTER. I certainly agree that the United States has been punching below its weight in the organization for a very long time. It might be enough to say that we haven't had an Ambassador there since 2014.

So I agree with Mr. Aguilar that we—that the U.S. needs to take a good hard look at why it's not punching at its weight.

I would also agree with you that Venezuela is punching above its weight. They've put a lot of resources into their presence in the OAS.

I mean, the guy who was Ambassador for the very longest time was the senior diplomat in the United States in any organization, including to the White House or to the U.N.

They put him at the OAS. So they knew the game they were playing and the U.S. was apparently playing a different game. I think that's right.

Mr. MELITO. I do want to point out that in April 2017 Venezuela indicated it's pulling out of the OAS—that it will take up to 2 years for that to be finalized. So it could change things.

Mr. AGUILAR. Two quick points. First of all, I think, in terms of our Government, there's an over-reliance on the secretary general.

And I commend Secretary Almagro for speaking up. It is consistent with his additional duties on the Inter-American Democratic Charter. But that's not enough if there is no collective action from the organization.

My second point is, in terms of bodies that are effective, I would argue that the Commission and the Court are effective when it comes to singling out violations of political rights, of freedom of the press in those left-leaning countries.

Those countries have actually complained and have blasted the Commission and the Court. My concern is that those bodies that can be very effective are compromising their credibility when they're getting involved in issues for which they don't have a mandate.

And this is a very important point. You know, I mentioned the recent case about same-sex marriage that was based on an opinion requested by the Government of Costa Rica.

Look, I am not taking positions on this issue. What I am saying is that the principle of noninterference is a very important principle for the United States and for the countries of the region.

If the Court starts issuing decisions on this type of issues that are of the internal competence of the countries, I think there's going to be a push back against the Commission and the Court at a time when we really need them to monitor the violations to fundamental human rights and to political rights.

Mr. SIRES. Well, look, I certainly commend Secretary Almagro. He's spoken up about the issues in Venezuela. You know, I've spoken to him. He's been very out there, much more than previous secretaries of the OAS.

And I couldn't agree with you more that they should only serve one term, because I think what happens if they can serve—you know, they like to cozy up to these countries so they get reappointed, and I think that's a big problem with this organization.

You have to have people there that want—you know, are able to speak, knowing that they don't have to run for anything else—you know, that they're there to do a job.

And, quite frankly, I don't know if those changes would be made at the organization in the near future. It's just—I don't know if this organization is just, like, floating in the Caribbean and not getting anywhere. And there's a lot going on, you know, in all these countries.

I mean, at one point, I thought that this organization should be disbanded. That's how, you know, upset I was with the organization. But I do think that they have a role, especially when it comes to human rights.

You know, all those years with the human rights abuses in Cuba, they never spoke up. You know, and Cuba wasn't even a member at the time. They pulled out and they were controlling the organization, I think, through the surrogate countries.

So, you know, sometimes when this country says, you know, maybe we shouldn't fund these people if they don't change their ways, there's some merit to that.

I thank you.

Mr. COOK. Mr. Yoho from Florida is recognized.

Mr. YOHO. Thank you, Mr. Chairman. I appreciate you gentlemen being here.

Being from Florida, we are, obviously, very connected to that part of the world and very concerned about it.

What I want to know is how do you make it better. I see OAS and then I see the other agencies with it and the other—was it three of them—IICA, PAHO, and PAIGH.

Is there a dilution of the mission statement to where you have too many people trying to accomplish the same thing and they're

not focused on one? They're all trying to reinvent the wheel. And with us paying 59.7 percent of the budget, the American taxpayers, I don't feel, are getting their benefit.

You know, one of the main mission statements was to promote democracy and since 1980 and I see that failing. A lot of it is tenuous.

How can we make that better if we are going to continue in this? And I take the same stance and kind of the attitude as Mr. Sires that I think it's a very ineffective agency and I think—I would like to hear what your thoughts are.

And then I want to come back to you, Mr. Quilter, because you said some very interesting things I need to rebut.

Mr. QUILTER. Okay. I think the ideas about how to make this better are out there. They've been out there for a while.

The Inter-American dialogue came out with a big report on precisely this issue today. I don't think that was an accident. I think it was timed for this hearing.

I have a bunch of things in there that overlap a lot with the dialogue. The ideas are there. The issue is does anyone feel an urgent need to try to implement these things, and that's the question mark.

I really think the U.S. has a huge role to play and they haven't done it. And by the way, that precedes the Trump administration—the U.S.' lethargy on this issue.

Mr. YOHO. I'm glad to hear that, because you brought that up. What I see is a U.N. type organization in the Western Hemisphere that is as inept as the United Nations.

We are putting all this money in there to promote these things, yet we see what's going on in Venezuela and you say Venezuela is punching above their weight and we see what's going on in Venezuela.

You have got people dying there. Children are dying because the parents don't have food in the 21st century in the Western Hemisphere. Yet, I don't see people speaking out against that from the OAS and raising hell about that.

And I thought you were a little bit disingenuous saying it's Trump's fault when you said there hasn't been a secretary general there since 2014. There's plenty of blame to go around, but to blame an administration, we can blame plenty of them, and we have dropped the attention in the Western Hemisphere probably for the last 20, 25 years. We've been distracted and, you know, I hear the human rights things, the LGBT, and, you know, same-sex marriage.

Those are important issues. But when I have babies dying in hospitals from malnutrition in Venezuela in the 21st century, those are important issues. But I think these are bigger issues that we need to deal with, and to hang everything on these social issues versus the lives of people dying, I think we need to refocus the organization's attention.

What are we trying to accomplish? Are we accomplishing democracy? You know, democracy has been bastardized around the world because there are so many facades of democracy.

People have elections but they are fake elections. So it's not really a democratic process that we have cherished and have experienced for 200-plus years in this country.

And so to move forward, if we are going to spend 59.45 percent of the budget of the American taxpayer's money, I want a return for that and I know they want a return.

Again, I came up here—I've only been here for going on my sixth year—to get rid of foreign aid, and I realize we can't do that.

So let's reform it to where we get the bang out the buck that the American taxpayers expect, and that we develop these allies that are going to side with us, not side with a communist regime, not side with China, not side with Russia or Cuba, and if we are here we need to do a better job and I need to know what we need to do.

Mr. Aguilar or Mr. Melito, go ahead. I have got about a minute left.

Mr. MELITO. One positive thing I will say is there has been a commitment to improve their oversight. So in 2015 the OAS replaced its IG, which the U.S. had a very short role in and they endorsed it.

They do have a commitment to both internal oversight and external oversight. So these are recent things which I think would, hopefully, be built on as the years go forward.

Mr. AGUILAR. I just want to clarify in terms of the LGBT agenda. Look, I understand if, for the Commission or the Court, to ensure that there's no discrimination.

Mr. YOHO. Right, and I agree with that.

Mr. AGUILAR. At least, that's part of the American convention. But my point is that the Court and the Commission are going beyond their treaty law mandate to go into issues for which they have no mandate.

Take, for example, the issue of same-sex marriage, which is very controversial. It has been controversial in this country. That's an issue for the Argentinians, for the Costa Ricans, to decide through their constitutional system.

When the Court gets involved in an issue like that, it loses credibility at a time when it should be really focussing on issues that have to do with democracy and human rights as clearly defined in the American Convention.

Mr. YOHO. Right.

Mr. AGUILAR. So that is my concern and that's how the Commission and Court I think at this point are losing credibility.

Mr. YOHO. When I see a house on fire and I need to get my family out, I don't need to stop and water the plants before I leave and that's—I think we need to refocus.

Thank you, Mr. Chairman.

Mr. COOK. Thank you very much.

Mr. Meeks from New York is recognized.

Mr. MEEKS. Thank you, Mr. Chairman.

And I want to first welcome Mr. Quilter back. You know, he did a great job here on the committee and then, of course, over at OAS and thank all of the witnesses for their testimony.

I am listening to my colleagues, who I respect and admire. I come out a little bit on the other end. I don't think that we get rid

of an organization. I am a firm believer in multilateral organizations—the U.N. being an example, the OAS being that.

Are they perfect? I don't know anything that is perfect. I don't know any government, including mine, that is perfect. So there's room for us to improve, there's no question—to make sure that we are spending appropriately and that there is no waste.

But sometimes you can do when you are cutting and you cut off your nose to spite your face because the very things that you want to accomplish when you cut a budget so strictly then there's nothing left and you can't accomplish anything.

And I, for one, believe, as I look over history, though we have problems and there's no question about that in places like Venezuela.

Democracy in Central and South America a few years ago wasn't—you know, you would name many more countries than the countries that we are naming now. There was not any, you know, democratic elections.

So, to me, what I see on the Western Hemisphere but particularly in Central and South America is thriving democracies with the exception of a few, and we should not terminate and/or eliminate something because you have a few that are not doing what we want them to do.

In fact, we should then figure out, you know, and understand that, you know, yes, I want to make sure that the United States is getting its bang for the money.

But that does not mean that the United States can come, whether it's the U.N. or the OAS, and just dictate this is what in our best interests without consideration of what some of the other nations in these multilateral organizations consider is in their best interests, and then the dialogue and the conversation that goes on after that.

And so I don't think that we are wasting our money when we are investing in the OAS. In fact, with so many elections coming up, I would like to know what the role that you see of the OAS in the coming and the pending elections that are coming up to try to make sure that they, and the countries that have had—even though, you know, I know Brazil and Peru they've had problems recently with reference to corruption.

But the elections themselves, you know, so you have got to make sure—and they've got elections coming up what role with the OAS play to try to make sure that there's true democracy taking place.

Mr. Quilter.

Mr. QUILTER. Thank you. Good to see you again, Mr. Meeks.

I think the Human Rights Commission and Court are the jewels of the crown of the OAS. I think that is correct.

But another thing the OAS does well, and it does some things not well—and we can talk about those—is election monitoring, and election monitoring doesn't only mean, you know, seeing if an election is—election monitoring is a complicated thing and the OAS has a lot of history doing it and they do it quite well.

They will be or should be front and center on all of these elections. Let me say something about Venezuela, because I've heard a lot about judging the OAS because the Venezuela situation has not been solved by the OAS.

Let me make a comment about that. The OAS, like any multilateral organization, is a roiling cauldron of country interests, momentary circumstances, et cetera.

For a country like the U.S., the trick is to utilize or to try to get as much done within each of these—each of these—with each of these tools at it can.

I actually think the OAS has done a decent amount of things on Venezuela. No, it hasn't solved Venezuela but it has done a decent amount of things.

Just yesterday, the Inter-American Commission came out with a report on Venezuela saying all the things you think it should say. As we know, the secretary general has been quite vocal about Venezuela.

There is—I am going to correct you—there is a pretty decent one single resolution on Venezuela condemning Venezuela quite well in mid-2017.

Perhaps that's as far as we could go as the U.S. on that issue. So you put a momentary stop on that and you look at other issues and try and keep advancing the call. I think that is the way to utilize these organizations.

Mr. MEEKS. Anybody else?

So let me just ask this question then. Do you believe or are there other countries in the hemisphere that you think are utilizing their influence at the OAS better than the United States?

Mr. AGUILAR. Well, yes. I think we've, as I've said in my statement, I think we are leaving a vacuum. So a country—will Venezuela now decide to withdraw from the OAS?

But they have been very effective with their partners Nicaragua, Ecuador, and Bolivia to ensure that very little happens. And it's a consensus-based system.

So only a few states can band together and ensure that nothing happens—that they don't have the consensus to be able to actually pass anything that would actually have any real impact.

Mr. MEEKS. I am out of time. But my next question would have been then what should we be doing, in your estimation, as the U.S. to have a better bang.

But I will leave that.

Mr. COOK. Thank you very much.

Maybe your colleague to the right might yield time but I am not going to get involved in that. My good friend from New York is recognized.

Mr. ESPAILLAT. Thank you, Chairman Cook, Ranking Member Sires.

Much has been said about the vacuum of leadership that has been left open by the United States for decades and decades, and we may think that the main beneficiary of such vacuum are countries like Venezuela.

But I submit to you that I believe it's China. I think China will come in and fill that vacuum and build roads and bridges and dams and tunnels and major infrastructure projects that are necessary and critical to the economies of these countries, much like Venezuela did with Petrocaribe in the Caribbean when oil was very expensive and can cripple the economy of those small countries.

So, in essence, what you see is an allegiance of those countries based on pure economic interests, very much the way we do with some countries in the Middle East where we support a dictator, a ruthless leader, because they may benefit our crude political interests or economic interests there. Those countries chose to align themselves, at least temporarily if not permanently, with troubling governments like the one in Venezuela.

So we must regain the ability to invest in the region so that we could, again, fill that vacuum and we do not yield that vacuum to a country that is already very much present there, and investing heavily and bringing with it all the negative issues such as currency manipulation, an assault of intellectual property rights, and the rest to our hemisphere.

And so I think that we are really—Almagro has been very active. In fact, he has been demonizing Venezuela and Ecuador. He is persona non grata in those countries. He has been a strong supporter of bringing democracy and stability to Venezuela.

But, unfortunately, he could not get the votes. We could not get the votes because we have abandoned the region in a dramatic way in the last 40 if not 60 years.

So my question is to Mr. Aguilar. He has really emphasized the issue of LGBT rights and same-sex marriage. Let me remind you that same-sex marriage is already legal in Colombia, Brazil, Uruguay, Argentina, and although not entirely in Mexico, in Mexico City, as well as my madre patria, Spain.

So I just want to ask you, if you don't think that violating—the high number of homicides or violent vicious crimes against gay people in those countries or the patterns of discrimination, preventing gay people from getting jobs or any other sort of discrimination that is rampant and institutionalized in those countries maybe because even of their religious background, if that doesn't constitute a reason for the court to have a strong decision on whether or not that is a troubling situation in those countries.

Mr. AGUILAR. Thank you for the question. I think it's a very valid question, and I think I was trying to make that point that those are the type of issues that the Commission and the Court should get involved in.

When there is discrimination and harassment against people because of their sexual orientation, clearly, that's a violation of the American convention.

Now, that is different from the issue of same-sex marriage. You mentioned several countries—Colombia, Argentina, Uruguay—where it is legal, and that's fine.

They've gone through their political process, through their constitutional system like the United States has and have legalized same-sex marriage. But it's up to them. It's not for the court to make that determination for them, and this is the problem.

When we've had a court, just a few weeks ago, come up with a decision imposing on 20 countries under the jurisdiction, some of them—most of them who haven't legalized same-sex marriage telling them, now you have to, that's for those countries to decide.

Mr. ESPAILLAT. Well, I think it's very much connected. I think it is very much connected that if people of the same sex holding hands down a street are viciously beaten because they're married,

or killed, and there is a vicious pattern of that, I think that that constitutes a very big violation of their rights.

And so, Mr. Quilter, maybe you would like to add to that?

Mr. QUILTER. Yes, I would. I have a very, very different take on this specific issue and that is I am a lawyer—it is a normal thing for a court to either be pushing on the arc of a particular issue within a society or maybe sometimes lagging.

I don't see this as a problem for the Inter-American Court at all. I think that what is being said here is that it may have been impolitic or may have been out step. But we all know that the arc of this issue bends toward more protections for the LGBT community, not less. That is where it's all going.

The fact that the court is a little bit ahead of a particular country really—that's not a reason for them not to be playing in that sandbox.

Mr. ESPAILLAT. Let me just conclude, Mr. Chairman, by saying that I very much feel that this current budget, as presented by President Trump, further aggravates the reliability and functionability of the OAS and that we must move in a different direction.

Thank you.

Mr. COOK. Thank you.

I recognize Mrs. Torres from California.

Mrs. TORRES. Thank you, thank you, Chairman Cook and Ranking Member Sires, for holding this very important hearing.

This is very—definitely a timely hearing, and I agree that the OAS is very important to U.S. interest in Latin America.

Sadly, over the course of the past year, we have lost a lot of influence throughout Latin America and the Caribbean. There have been a lot of missteps by this administration.

Just to name a few, President Trump offended Mexico and many countries in the region not just during the campaign but after the campaign.

He rattled our allies and played into Maduro's hand when he threatened military intervention in Venezuela. What do you think that statements like that could have an impact on our ability to advance our interests in the region and the OAS in particular?

Meanwhile, his Secretary of State didn't even bother to show up at the OAS General Assembly in Cancun and missed an important opportunity to build consensus on the issue of Venezuela.

So what kind of message do you think that sent? In Honduras, we have lost a lot of credibility on the issue of democracy when the State Department failed to call out an election for what it was, and if I recall correctly, it was the OAS only that stood up and said there are certainly a lot of discrepancies and we need to ensure that if we truly believe in democracy that we follow our own advice.

It is unfortunate that it seems to me, from what I've heard today, it is democracy of convenience. I mean, we've talked a lot about many other issues and hungry kids absolutely are a priority to me. But women being imprisoned simply because they have had a miscarriage is also important to me.

So, of course, it doesn't help that we still, after more than a year, don't have an Assistant Secretary for the Western Hemisphere or an Ambassador at the OAS. And now that we have a nominee for

Ambassador to Barbados, who is a peddler for conspiracy theories, if President Trump went to the Summit of the Americas, what kind of reception do you think that he will receive?

These failures do not help advance U.S. interests in the Western Hemisphere or the OAS. I would like to hear your comments on those three questions.

Mr. Quilter.

Mr. QUILTER. Thank you. There's a lot there but I will—summits. Summits are tricky even when everybody loves you.

In Cartagena, President Obama got an earful on both U.S.' Cuba policy and our drug policy. It was, for him, a bit of a disaster, even when he was riding high.

What's going to happen with President Trump? I don't know. Fasten your seatbelts, I think, is the way to think about that.

Tillerson in Cancun—that was malpractice. We were just a few votes away and we know that for—to send in the most important guy you got is the way you close the deal and that didn't happen.

And then later they said, well, the OAS is useless because it was two votes short, which is a little disingenuous.

Finally, Secretary Tillerson went on his recent voyage and one of the things he was doing—he was doing good stuff on Venezuela, I think, by the way. I have to give him that.

But the other thing he was doing is warning that China was—the presence of China economically was spilling over into a political presence and that was a problem. That too is disingenuous.

What he's in fact saying is that there's a leadership vacuum in Latin America and China is filling it. Well, whose fault is that?

Mr. AGUILAR. Just briefly.

I would say I would agree with you that Mr. Trump's comments often make it very difficult to work with our partners in the region.

Having said that, it is disingenuous to think that these problems that we are facing now are just because of Mr. Trump. I think for a long time we haven't been paying attention to——

Mrs. TORRES. I didn't say that the problems that we are facing in Latin America are solely the fault of the current President.

I did say that the lack of leadership currently in this administration has actually made things worse in the region.

Mr. AGUILAR. I agree.

Mrs. TORRES. Don't misquote me.

Mr. AGUILAR. Well, it wasn't my intention.

But there was certainly, I would argue, a lack of leadership under the Obama administration at the OAS.

Mrs. TORRES. The Obama administration is not currently in a position to make a change so——

Mr. AGUILAR. No, but I think——

Mrs. TORRES [continuing]. In moving forward, Mr. Aguilar, I would like for you to speak on current issues——

Mr. AGUILAR. I think it's——

Mrs. TORRES [continuing]. And current time frame, today.

Mr. AGUILAR. I appreciate your point but I think it's good when we look at Latin America to look at the historical perspective just to ensure that we are objective and we can make some sound comments.

Mrs. TORRES. Historical perspective doesn't help unless you're talking about—when you're referring to Latinos that look like me as drug dealers and drug pushers and prostitutes.

Mr. AGUILAR. I've never agreed with——

Mrs. TORRES. My time is up and I yield back.

Mr. COOK. Thank you.

Mr. Smith is recognized, from New Jersey.

Mr. SMITH. Chairman, first of all, I am sorry I was late. I was chairing my own hearing on China that ran over, especially with the witnesses.

But I just want to thank our witnesses. I am sorry I missed it all, but I will go back and look at the record.

I have worked on human rights. I've been in Congress for 38 years and, frankly, we have had under many administrations a lack of focus on human rights.

I was in Bolivia working, joined by Lidia Velasquez, against Evo Morales and, frankly, the last administration did nothing to help this American named Jacob Ostreicher who was being held in Palmasola Prison.

I went to Palmasola Prison twice, went to the court hearings, and our Embassy would not help him. I even asked it—requested it. If Jacob Ostreicher, an American from New York—and I am not from New York, I am from Jersey, like my good friend, Albio Sires, and Albio was very helpful on that as well—would you at least provide him asylum, an American within our own Embassy and they told me no.

I couldn't believe it. I held four congressional hearings on it. So there was a lack of focus on Bolivia. There was a lack of focus on Venezuela, and when it came to Cuba, you know, how many hearings did we have on Cuba, Albio? One after the other after the other.

There was no sense of wanting to extradite a cop killer who continues to run free. We made that—we said there ought to be conditionality before things—you know, the rapprochement with Cuba occurs say, these are the nonnegotiables that we have to have, and none of that happened.

And, you know, what got me into Cuba years ago was Armando Valladares' book, "Against All Hope," which exposed the facade of what's going on in Cuba and it continues to this day.

Political prisoners who are tortured. I have tried for 25 years to get into Cuba. I tried recently going down to the Embassy and I said, "I would like to go to Cuba. I would like to be with different dissidents," and you know what I was told? "We tell you who you can't see." And I said, "Do American Members of Congress agree to that" and they told me yes. That's the Ambassador.

Piero Tozzi and I went down there with the hope of going and okay, if there is a changed attitude in Cuba, well, let's test it, and I can't get a visa to go to Cuba.

There's four places where I couldn't get a visa. One I just got changed. Russia is one. The other is Cuba, and the other two have switched. I've been able to go to China and to Belarus where I worked on human rights issues as well.

So, again, I want to thank the chairman for having this hearing. The OAS could do far more in holding people to account, in my

humble opinion, and Albio Sires and I have worked for so long on Cuban human rights, which have always been in the back bench—always been, you know, an afterthought on the part—particularly of the last administration.

So, you know, Cuba was taken off the—and I will end with this—the Tier 3 listing for traffickers. They were on there because of labor trafficking abuses, which they claim don't happen, and because of their feckless response on sex trafficking.

I am the author of the Trafficking Victims Protection Act of 2000 and fourth—three—one or two reauthorizations and another—but all focused on human trafficking.

There is nothing in the behavior of the Cuban dictatorship that warranted an upgrade except a belief by the last administration that, you know, if we just act nice and take them off.

Human rights have to be—whatever authoritarian, left or right, who cares? If they commit human rights abuses and they're being tortured or, in this case, being trafficked, it doesn't matter what style of dictatorship you're dealing with, and they gave them an artificial upgrade, which I denounced.

Did a press conference on it—nobody covered it, and I find that to be appalling. Unfortunately, they're still on the upgraded list. This administration did not change that.

I have appealed to the administration to do so in the TIP report when it comes out on or about mid-June because the situation there is awful. Then what they've done to our Embassy personnel is off the scales in terms of diplomatic breaches.

So, again, I want to thank all of you for your testimony and, Chairman, I thank you. I am sorry I didn't get into the full flow of the hearing but I was doing my own, and I apologize.

Mr. COOK. Well, I want to thank you very much.

You know, I was going to ask a couple of final questions but I just want to make a comment.

Obviously, I think we need another follow-up here, not—because some of the issues here are—you know, we kind of skirted around them but I think we've got to break it down and some of these different aspects of it.

Yes, I think the Organization of American States has got some problems, and now we are going to fix it? We are not going to fix it today, for a variety of reasons, and contrary to some of the other testimony, I am one of those ones that think you have to bring the states together.

You're not always going to agree. It's tough. It's tough doing this stuff and, you know, I probably said it in here. You know, Bismarck said making good policy is like watching them make sausage.

It's not very much fun but it's something you have to do when you have a lot of different countries and you have a lot of different people, and I think a lot of it is everybody—there's enough blame to go around and I am optimistic that we are finally looking south.

We are looking at our neighbors. I think they've been ignored far too long, and, you know, the money issue I think reflects the fact that a lot of people don't understand how critical the area is or how critical some of the issues that we address.

And each and every person here has probably got an axe to grind or they get excited about it, and that passion I think warrants another hearing on how we can do it.

I don't know whether you gentlemen would agree with that bottom line that I am taking away that we kind of scratched the surface here and maybe we can build on that.

We've got to, and maybe our agenda would be more inclusive on maybe suggestions or questions on how we can repair this including many of the issues that were raised today.

So my guidance to everybody based upon what we learned today is maybe we can go forth and find out certain things and how we can propose and maybe fix it in our own committee.

So with that, this meeting is now adjourned.

Thank you very much for your patience.

[Whereupon, at 3:25 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on the Western Hemisphere
Paul Cook (CA-08), Chairman

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held in Room 2200 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Wednesday, February 14, 2018

TIME: 2:00 p.m.

SUBJECT: Advancing U.S. Interests Through the Organization of American States

WITNESSES: Mr. Thomas Melito
Director
International Affairs and Trade
Government Accountability Office

Mr. Alfonso Aguilar
President and CEO
International Human Rights Group

Mr. Peter Quilter
(Former Secretary for Administration and Finance, Organization of American States)

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Western Hemisphere* HEARING

Day *Wednesday* **Date** *February 14, 2018* **Room** *2200 RHOB*

Starting Time *2:00pm* **Ending Time** *3:25pm*

Recesses [*n/a*] (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Chairman Cook

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

"Advancing U.S. Interests Through the Organization of American States"

SUBCOMMITTEE MEMBERS PRESENT:

Chairman Cook, Ranking Member Sires, Rep. Brooks, Rep. Smith, Rep. Yoho, Rep. Espaillat, Rep. Torres, Rep. Meeks

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

N/A

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Chairman Cook QFRs

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *3:25pm*

Subcommittee Staff Associate

Questions for the Record

WHFM Subcommittee Hearing: "Advancing U.S. Interests Through the Organization of American States"
February 14, 2018 at 2:00 p.m. in Rayburn Room 2200

Chairman Paul Cook

TO: ALL WITNESSES

1. U.S. Strategy for the OAS: Based on your experience, how would you describe the strategy of the U.S. Mission to the OAS (USOAS) to address the financial challenges of the OAS and to improve the organization's effectiveness in supporting democracy, human rights, security, and development objectives in the region moving forward?

Mr. Thomas Melito: GAO's June 2017 report (GAO-17-572) included a review of the share of U.S. assessed contributions to the OAS and U.S. efforts to work with the OAS and other member states to adopt an assessed quota structure in which no single member state pays more than 50% of OAS assessed yearly quotas. In the course of that work, we reviewed the Department of State's (State) Multiyear Strategy Prepared for Congress Pursuant to the Organization of American State Revitalization and Reform Act of 2013 (PL 113-41). This strategy includes reviewing and prioritizing the OAS's mandates, implementing results-based budgeting, and reforming personnel rules.

According to State, the election of Secretary General Luis Almagro in March 2015 offered an opportunity to reform and revitalize the OAS. State has been working with his team to advance reform, both financially and politically, and restore focus on the OAS' core values and principles.

According to the OAS, the four main pillars of the organization are democracy, human rights, security, and development. State included specific instances of its efforts to strengthen the OAS pillars in its 2014 strategy. For example, with regard to strengthening regional peace and security, State reported that the U.S. is working to identify areas where the OAS can play a complementary role in the implementation of U.S. regional security partnerships. The U.S. is working to secure adequate and sustained funding for the Inter-American Commission on Human Rights and its Secretariat to support human rights in the region. With regard to fostering economic growth and development cooperation, State reported that the U.S. is working among other efforts to enhance cooperation between the OAS, the World Bank, the Inter-American Development Bank and other development donors, including the private sector.

Mr. Alfonso Aguilar: I don't think they have been putting enough pressure on the OAS to make the necessary adjustments and reductions in spending. Our mission should be calling for a major review and overhaul of the organization to get rid of non-essential projects and initiatives.

Mr. Peter Quilter: There is no strategy. In 2015, Almagro won election for OAS secretary general because no one else was interested. At the time, the US had no ambassador there (it still doesn't), and had for years before that phoned in its participation at the OAS. The US's friends followed suit. Its adversaries sharpened their knives. The US has not shown that it is implementing any multilateral strategy in the Americas for a very long time. The lack of US leadership has been palpable. Unfriendly countries such as Venezuela have taken full advantage of this vacuum, and the result has been plain to see. Ultimately, the consequence for the US is this: if you let an institution like the OAS wither for a decade, it becomes institutionally and politically weak. Then, when the US needs the institution to exercise its policy options, it falls short. There is a long game here. But the US is not playing it.

TO: Mr. Alfonso Aguilar

1. Defining Human Rights: What are lines that can be drawn to clearly define human rights and how the IACHR and the Court can address these issues without infringing on national sovereignty? Are there alternative ways that the IACHR and the Court can address these problems in the region, especially as it relates to sensitive social issues?

Mr. Alfonso Aguilar: The lines are clearly defined in the text of the American Convention of Human Rights and other international instruments human rights. These documents clearly define the human rights protected by them. The Commission and the Court should strictly follow the text of treaty law. It's not their role to expand the meaning or give new meanings to the Convention or other regional agreements. Nor is their responsibility to address issues not contemplated by treaty law. Under Article 31 of the Vienna Convention on the Law of Treaties, the Commission and Court have an obligation to interpret the American Convention "in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the lights of its object and purpose."

2. Negative Impact of Overstretched Mandate: The OAS has several academic scholarship programs that grant a series of scholarships every year to assist citizens of member states to pursue graduate and undergraduate degrees. The OAS also has a China study abroad program, which is accepting applications right now. In your opinion, do you believe the OAS is trying to do too many things? How does this overstretched mandate impact the financial and budgetary crisis currently facing the OAS?

Mr. Alfonso Aguilar: These are good examples of programs that actually are within the OAS mandate as defined by its Charter but that take away from precious resources from other more important and relevant matters. The OAS is definitely trying to do too many things and is overstretched. Its financial woes are a direct result of spending on a myriad of projects and initiatives that while noble in purpose should be terminated, considering the organization's limited resources.

3. OAS Specialized Organizations: Do you believe the work of Inter-American organizations like PAHO, IAGH, and IICA fall under the mandate of the OAS and the Inter-American system or do you believe the work of these organizations might be better advanced through U.S. bilateral engagement efforts or other multilateral efforts? If within the OAS, what role can these organizations play in advancing the principles of the OAS?

Mr. Alfonso Aguilar: The OAS Charter's mandate regarding development is actually very broad so the mission and work of these organizations could fall under this mandate. Some like the IICA have actually been formally recognized by the OAS as "inter-American" organizations under its Charter. They collaborate with the OAS and present reports to it regularly. Considering its limited resources –human and financial- the OAS should not develop any projects with these organizations and let them function independently. They can always report to the Permanent Council to keep them informed of their work.

TO: Mr. Peter Quilter

1. OAS Budget Concerns: How does the OAS assess and execute budget priorities? In your view, what would a more sustainable budget model look like for the OAS and what role should the U.S. play in advancing it?

Mr. Peter Quilter: Budgets are complicated in the best of circumstances. Multilateral organizations have the additional challenge of squaring the budgetary interests of multiple countries, and the OAS is no different. But in the OAS, formulating and executing the budget --- two separate things, to be sure --- is a particularly messy exercise because of the uncertainties of the process of assessing member state contributions, known as quota assessments.

Executing the Budget:

The OAS quota assessments are derived from a formula that takes account of elements such as each country's GDP. (NB: it is not the same formula as the U.N. If it were, the US's percentage share would be even greater than it is) Every few years, the relative changes in the member state economics require a re-balancing of each country's assessed fee. There is no provision for indexing for inflation, so the pot to work with is smaller as each year passes.

In terms of the mechanics of execution, as long as the yearly budget is predictable (even if it is smaller than the year before), budget managers should be able to make it work. The trouble is member states do not pay on time, and some do not pay at all. So let's say the agreed assessment for all member states for a given year totals $80m. The budget is set for $80m, and the administration of the OAS plans the year with that figure. But…

Although assessed fees are due January 1, no member state pays on January 1. Some do not pay at all. Some have been in arrears for many years. Some refuse to pay as an act of protest (Venezuela and Brazil are recent examples). What result? The funds available to execute the $80m budget are sometimes significantly lower than $80m, forcing the OAS on an endless path of course corrections throughout the year.

The OAS does not have a reserve fund to weather this volatility. There is no penalty for not paying or paying late. There is a bizarre discount incentive to encourage members to pay on time, but that only reduces the pot unpredictably. All of this needs to change.

Assessing the Budget:

Although it's ugly, the OAS has grown used to operating in the context of these budget contortions. The bigger problem is the shrinking budget. The OAS is perpetually shrinking its staff in an effort to square these shortfalls. This has been the case for decades, indicating that the member states, at least by their lack of action to fix the problem, appear to be ok with this gradual but certain downward spiral. The real problem is there is no method to this madness. Staff shrinkage occurs through attrition, not through any systematic plan. Mandates grow uncontrolled, while resources to carry them out shrink. The $30m deferred maintenance costs for the OAS properties grows and grows – a variant on the adage that it's expensive to be poor.

If all of this sounds unsustainable, it's because it is.

What to do?

- The U.S. should get together with the four or five biggest countries in the hemisphere for a one-time lets-put-the-OAS-on-sound-footing effort. This must happen outside the OAS context (too many spoilers) and at the Presidential level.

- Index the budget and member state quotas fees. These should grow each year to take account of inflation. Devise consequences for non-payment, such as elimination of: the right to speak, the right to

vote, the right to participate in OAS activities. Another option is to charge interest on arrears. Eliminate the "discount" for paying when you are supposed to.

- OAS properties. As I said in my testimony, I believe the U.S., as a host country, bears a special responsibility to fund the $30m deferred maintenance problem. The U.S. Congress should seed a capital fund for this purpose. As part of that effort, the US should lead the OAS to shed some of its properties it no longer needs or can afford. The obvious first step should be to sell the "Pink House" on 16th street; the proceeds should go toward fixing and updating the remaining properties.

2. U.S. Mission to the OAS: Are there structural challenges that the USOAS faces, including in the type of staff (civil service vs. foreign service), that Congress should consider addressing to make the USOAS more effective and efficient in supporting U.S. interests?

Mr. Peter Quilter: USOAS suffers from a chicken-egg problem. Since the OAS is a low priority, USOAS is commensurately a low priority at the State Department. Nothing shows this more clearly than the fact that we have not had a US Ambassador to the OAS in four years. Until the OAS becomes a more critical player in the hemisphere, this is unlikely to change. But it is also unlikely to become a bigger priority unless the U.S. makes it so.

Perhaps in a one-time push to set the OAS on better footing, for example to implement some of the ideas outlined here, USOAS could bolster its ranks temporarily with dedicated personnel chosen to solve specific problems. The mix of foreign service and longer-lasting civil service personnel is about right. But here USOAS needs to be very careful to not let civil service professionals remain in their posts too long. State is rightly vigilant about this kind of problem at its embassies. But for some reason, it has let this slide at USOAS, which has created significant clientitis distortions. A solution could be a seven to ten year cap on non-support, civil service postings at USOAS before required rotations to posts outside USOAS.

3. Oversight / Inspector General: The OAS has filled the position of Inspector General, a position that went vacant for far too long. A strong internal watchdog guards the integrity of an organization, provides oversight of stakeholders' funding, and supports transparency and accountability with clear auditing, fiscal control, and compliance with international best practices to minimize risk to donors. How can the U.S. and other member states best support the work of the Inspector General in conducting audits and ensuring transparency and accountability within the OAS system? How can we ensure that the Office of Inspector General has needed authority and independence?

Mr. Peter Quilter: A properly funded and functioning IG is critical in the OAS context, arguably more than in other multilateral organizations. Not only as watchdog for the integrity of the organization, but as a check on the position of Secretary General. The OAS is institutionally weak. It operates on a set of rules and regulations that come from a different era, where the SG is the final arbiter of virtually any administrative decision, permitted to provide exceptions to any rule. The structure cries out for an institutional check on the SG.

The IG should report directly to the Permanent Council and and the Board of External Auditors, not the SG. In fact, the IG should be removed completely from SG's line of control. And she should be provided with funding and staffing that is exclusively determined by the Permanent Council.

The recent dust-up with the MACCIH in Honduras is instructive. The outgoing head of that OAS anti-corruption mission departed with voice, credibly alleging that the SG had persons on the MACCIH payroll IN WASHINGTON who should not have been on that payroll. The SG responded by threatening to send

the IG to Honduras to investigate the actions of the departing head and his staff. The fact that the SG can deploy the IG in such a weaponized fashion is unacceptable, and the rules should not permit it.

What can the U.S. do?

- Work to create a new regulatory structure to completely remove the IG from the SG line of control, and place it under the Permanent Council and the Board of External Auditors.
- Ensure that the IG is properly staffed and funded OUTSIDE the standard budgetary process, and controlled by the Permanent Council.
- Make sure the IG herself and the manner of her choosing is strictly controlled by the Permanent Council.