

USAID's bizarre policies and Ukrainian Americans

by Orest Dubno

I can't say that I was entirely surprised to learn that the U.S. Agency for International Development (USAID) plans to suspend funding for the U.S.-Ukraine Foundation. Throughout 16 years of Ukrainian independence, USAID has been remarkably tight-fisted, if not discriminatory in its reluctance to provide funding for qualified Ukrainian community-based organizations.

Its preference for the so-called "belt-way bandits" – colorless and dispassionate behemoths that flaunt large staffs and oversized overhead budgets but show little commitment to the countries where they work – is legendary.

What makes the U.S.-Ukraine Foundation unique is that it has broken through past barriers to federal funding and it has maintained a good relationship with USAID for many years. Against all odds, it has persuaded the bureaucrats in Washington that knowledge of Ukrainian culture and language, and an understanding of historical and political nuances might actually be an asset when working in Ukraine.

Perhaps I'm biased, or perhaps I write from bitter experience. Between 1993 and 2001, I served on the board of directors of the Children of Chernobyl Relief Fund – four of those years as chairman. In 1994 CCRF received its first and only USAID grant for \$350,000. Through the tremendous efforts of our small staff and many dedicated volunteers, the fund leveraged these monies to secure over \$5.5 million worth of cancer medication, medical equipment and physician-training programs to help Ukrainian doctors combat the high rate of thyroid cancer and leukemia in children's hospitals.

Based on audited financial statements prepared by DeLoitte and Touche, CCRF achieved a multiplier effect of 16 to 1. In other words, for every dollar we received from USAID, the fund delivered \$16 worth of substantive aid and training to Ukraine. In the same year, DeLoitte and Touche certified an additional \$3 million worth of aid that we secured from sources other than USAID.

The impact of this aid was substantial: of the thousands of Ukrainian children stricken with thyroid cancer only eight died of the illness. Survival rates for leukemia in CCRF's partner hospital in Kharkiv continue to climb from a dismal 5 percent in 1992 to over 65 percent in 2006, and our partner hospitals in Kyiv, Lviv, Odesa, Dnipropetrovsk and Lutsk continue to outperform many USAID-funded health programs in their treatment of children with life-threatening illnesses. The medical technology CCRF has installed in Ukraine is far superior to any provided by USAID contractors working on budgets that are often 10 times larger than CCRF's.

One would think that USAID would have rewarded this kind of diligence and cost-effectiveness by extending or increasing CCRF's funding. Corporate foundations including John Deere, Monsanto, UMC and Western Union were duly impressed with the fund's track record and have provided CCRF with generous grants since 1995. Despite numerous proposals, however, USAID has never given another penny in aid to CCRF, today known as the Children of Chernobyl Relief and Development Fund (CCRDF).

The agency's decision to select one bidder over another may have very little to do with merit, track record, cost efficiency or measurable results. In dealing with Ukrainian community-based organizations, USAID has behaved as if these virtues are somehow irrelevant or detrimental to its mission. For example, in 1997 Congress called on USAID to provide funding for thyroid cancer treatment and mental health programs for Chernobyl children in Ukraine. CCRF applied for a multi-year grant to USAID. The agency admitted that CCRF had a "very strong" proposal with extraordinary partners, including renowned international experts Dr. Simeon Gluzman and Dr. Evelyn Bronet. But it awarded the funds instead to Medical Services Corporation International – an agency with no experience in Ukraine, no experience in treating children's cancer, and no commitment to combat radiation health effects until it caught wind of millions of dollars that might be available. MSCI spent more than a year and more than \$1 million in taxpayer dollars on "fact-finding" and reinventing the wheel before it examined its first children for thyroid cancer.

CCRDE is by no means the only Ukrainian American organization given short shrift by USAID's strange funding practices. The North American Federation of Ukrainian Credit Unions has developed a sustainable network of community banks and credit unions in Ukraine. Yet, when it applied to USAID to help build on its successes, the federation was passed over in favor of another group of consultants with no experience in Ukraine.

Predictably, the USAID-preferred contractor lacked a basic understanding of Ukrainian banking laws and procedures, and a series of available errors and misjudgments doomed its project from the start. The diaspora-sponsored credit unions are still going strong, even in the absence of U.S. government support. It is heart-breaking to imagine how even a small infusion of federal funds could have helped to expand these community banks and changed public attitudes, especially in the eastern Ukrainian provinces that so desperately need exposure to fair lending and small business development.

By all accounts, the U.S.-Ukraine Foundation has built a distinguished record in developing civil society programs and sister-city partnerships. It is training a new generation of Ukrainian leaders to instill democratic values, professional business practices and systems of accountability that can help overcome the crippling legacy of Soviet corruption. USUF has earned the praise of Congressional leaders across the political spectrum and it enjoys widespread support in the Ukrainian community.

So, at a time when Ukraine is teetering between pro-Western democracy and the ham-fisted despotism of Vladimir Putin's Russia, it seems bizarre that USAID would cut funding to an organization that has played an essential role in what is arguably the most pivotal and strategically sensitive country in Europe.

The Ukrainian American community should rally around the U.S.-Ukraine Foundation and insist that federal funding be continued for this organization. USUF's cost-effectiveness stands in marked contrast to the many USAID contractors that have received enormous amounts of money but failed to produce measurable results.

We cannot allow short-sighted bureaucrats to undermine U.S. national security interests in favor of rank cronyism and the ineptitude that operates under the slogan of "business as usual." Nor should we tolerate the implicit message that when it comes to federal contacts "Ukrainian Americans need not apply."

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