



The Trouble With the Open Technology Fund

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Recent articles on the dust-up between the U.S. Agency for Global Media (USAGM) and its grantee, the Open Technology Fund (OTF), make it sound like the U.S. government's support for promoting international internet openness and access is at critical risk. But new documents show that the dispute is really over budgets, accountability and transparency, not a struggle over the future of internet freedom.

The controversy made headlines in June, when the U.S. Court of Appeals for the D.C. Circuit blocked USAGM CEO Michael Pack's bid to replace the OTF's leadership. OTF then sued USAGM in the U.S. Claims Court over \$18 million that the fund alleges it is owed. These events took place in the context of Pack's shake-up of USAGM following his confirmation as the agency's CEO by the Senate in early June.

Some reports have portrayed the fight as putting internet freedom in peril, casting the OTF as a bulwark of openness against a Trump administration seeking to shut all such efforts down. But the funding issue gripping OTF is not a product of Pack's leadership—or even of Trump administration policies. Rather, OTF is a long-troubled agency that is finally being held to account.

OTF was established as a pilot program in 2012 under Radio Free Asia (RFA). It was intended to underwrite efforts to give international audiences the tools they needed to freely view information on the internet. It was heavily focused, for example, on breaking through China's sweeping censorship project, known as the "Great Firewall."

But the program was mismanaged almost from the start. A June 2015 State Department Office of Inspector General (OIG) review found that RFA was in "noncompliance with Office of Management and Budget conflict-of-interest requirements" regarding the awarding of OTF contracts. RFA could not document its justification for lacking a competitive process for awards, and had no independent cost estimates for its grants. RFA even blew off its own advisory council when it came to making insider deals; five of six contracts reviewed by the OIG had been granted over objections from the council.

In addition to sketchy grant handling, the OIG noted that some RFA personnel were being paid in excess of maximum salary levels for comparable Broadcasting Board of Governors (BBG, the precursor agency to USAGM) positions, and RFA did not return over a half-million dollars in unused funds to BBG as required by the grant agreement. The OIG noted that these lax practices went undetected, in part, because the BBG "did not have a well-defined structure to monitor RFA activities."

On the OIG's recommendation, the Office of Internet Freedom (OIF) was formed to provide a "much-needed governance structure" to "administer funds and properly oversee OTF expenditures." OIF was also empowered to support other internet freedom initiatives. But bureaucratic fighting between OIF and OTF limited the effectiveness of this oversight function, and soon OTF was requesting all the funds allocated to OIF. Other problems also proliferated, among them unaccountable staffing, misappropriated funds and false starts on important projects.

In September 2019, OTF was split off as a private nonprofit grantee with USAGM acquiescence, and RFA President Libby Liu left RFA to head the new organization. This move may have been intended to position OTF to avoid increased oversight, as the White House became more focused on pushing forward Pack's stalled nomination as USAGM CEO. This, in a nutshell, is the crux of the personnel dispute, with the D.C. Circuit arguing that since OTF officers are not government employees, Pack cannot fire them. But Pack's team argues that as a grantee funded wholly by USAGM funds, the OTF staff falls under the provisions of the 1994 legislation that originally allowed for such spin-offs to take place. Liu stepped down in July 2020 pending the litigation, with OTF now led by Acting CEO and President Laura Cunningham.

That brief history should give the reader a sense of what is at stake here. The tussle over OTF is not over the widely acknowledged need to promote internet freedom, but about basic mismanagement. And these deformities continue. According to one source, today only about 10 percent of the OTF budget goes to funding technology projects. The bulk of the rest goes to salaries, expensive conferences and grants to civil society programs that are not directly involved in technology development. This focus exceeds the official terms of the annual grant and duplicates the work of the State Department's Bureau of Democracy, Human Rights and Labor. Meanwhile, OTF has actively resisted audit requests, and USAGM does not know how much money (if any) its officers derive from other sources in other capacities, free from strict government ethics restrictions on outside income. There is also the mystery of how OTF can pay for litigation against the U.S. government, since under the grant agreement they have, there is no authority to use taxpayer money for any suits against anyone—let alone the United States. A 2020 USAGM internal risk assessment viewed by the author concluded that OTF has "operated against government principles, and in a way that largely appears to incur fraud, misuse of funds and abuse of power."

USAGM, meanwhile, continues to support and fund internet freedom projects by other means. In August, the agency announced funding packages for internet firewall circumvention projects Psiphon and ACI, and other such direct grants are in the works. This approach is prudent, making scarce resources go further by cutting out the unnecessary and expensive layer of bureaucracy that OTF represents.

All of this is doubtless lost on the casual observer, who could be mistaken for believing—after reading articles in outlets such as The Washington Post and The Atlantic—that the current turmoil at USAGM is politically motivated. It isn't. It is, rather, a contest between the status quo and a new way of doing business that is less favorable to underwriting mere advocacy that contributes little to the actual fight for internet freedom, and is more focused on responsibly funding effective technology to counter censorship abroad.

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