

RELEASE IN PART
B5

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Saturday, April 21, 2012 11:25 PM
To: H
Subject: Fw: Philippines/USAID story

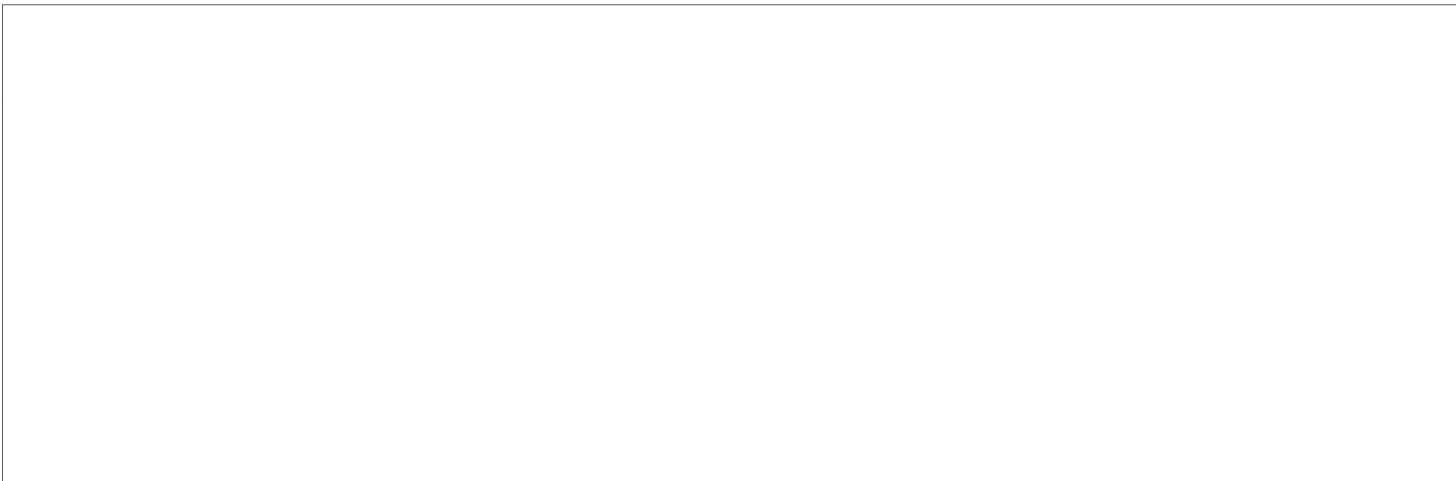
Fyi

----- Original Message -----

From: Hammer, Michael A
Sent: Saturday, April 21, 2012 08:25 PM
To: Mills, Cheryl D
Cc: Laszczych, Joanne; Toiv, Nora F; Adams, David S
Subject: Philippines/USAID story

Cheryl - wanted to be sure you were aware of this story, see below. Story is now being reported by the Daily Caller and running on Drudge but has not gotten mainstream press pickup. USAID is developing press guidance and has draft statement announcing it will suspend its participation in the English language training project in Mindanao pending further review of the facts. This is in response to Congressional concerns raised by House reps Bishop + Jones that USG is funding the outsourcing of jobs. USAID is also responding to them in a letter.

Draft: USAID Statement on Suspension of English-language Training Project in Philippines



B5

###

Information Week (a weekly magazine)

Asian Call Center Workers Trained With U.S. Tax Dollars

Multimillion dollar USAID program trains college students in the Philippines to work in offshore call centers, but one Congressman tells

InformationWeek he's going to put a stop to it.

By Paul McDougall,

InformationWeek April 18, 2012

URL:

<http://www.informationweek.com/news/global-cio/interviews/232900478>

Despite President Obama's recent call for companies to "insource" jobs sent overseas, it turns out that the federal government itself is spending millions of dollars to train foreign students for employment in some booming career fields--including working in offshore call centers that serve U.S. businesses.

The program is called JEEP, which stands for Job Enabling English Proficiency. It's available to college students in the Philippines through USAID. That's the same agency that until a couple of years ago was spending millions of dollars in U.S. taxpayer money to train offshore IT workers in Sri Lanka--until I reported that inconvenient truth in this story. The ensuing uproar led to the Sri Lanka initiative's termination. A JEEP document published by USAID notes that the program "is classroom based, and focuses on the specialized English skills required by employers in areas such as: nursing and allied healthcare; maritime services; travel and tourism services; business process outsourcing (BPO), and other areas of international employment." Students--there are about 23,000 in the Philippines currently enrolled--commit to undertake 400 hours of training during two years of study.

It's the BPO (another name for call center operations) part of the curriculum that's troubling for U.S. offshoring opponents. When I informed Congressman Tim Bishop (D-New York) about the program on Tuesday, he called it "surprising and distressing." Bishop, who was instrumental in getting USAID to end its Sri Lanka program, recently

introduced a bill that would make companies that outsource call centers ineligible for government contracts.

The U.S. "has lost five hundred thousand call center jobs in the last five years," Bishop noted during a phone interview.

JEEP is part of a larger USAID initiative in the Philippines, known as Growth and Equity in Mindanao (GEM), on which the agency is spending about \$100 million per year, according to an audit by the USAID's Office of Inspector General. Mindanao is a region in the southern Philippines that's known as a stronghold for Muslim rebels opposed to the central government.

"The JEEP program was developed to promote peace and stability in Mindanao by teaching English to youth in conflict-prone areas to help them pursue gainful employment in tourism, nursing and other locally-based industries and to break the cycle of violence which had gripped that region of the Philippines," a USAID spokesperson said, in an e-mail.

Bishop countered that such efforts shouldn't come at the expense of U.S. workers. "We have foreign policy imperatives, we have international development imperatives, but our No. 1 imperative has to be the protection and creation of jobs here in this country," Bishop said.

USAID's spokesperson said JEEP is set to expire at the end of the year. But Bishop wants it stopped immediately, he said.

"We have a serious jobs deficit in this country and the fact that we would spend U.S. taxpayer dollars to prepare foreign nationals to take over jobs that can easily be done by Americans is shocking" he said. "I'm going to write to the USAID administrator and demand that this program be terminated. And during the appropriations process I will entertain any option I have to cut off the flow of funds to this project."

What's especially troubling is that the JEEP program is operating even as President Obama is calling on companies to return call center work and other jobs to the U.S. Here's what he said at an

"insourcing summit" at The White House in January. "My message to business leaders today is simple. Ask yourself what you can do to bring jobs back to the country that made our success possible. And I'm going to do everything in my power to help you do it."

Even as he spoke, the President's hand-picked head of USAID, Rajiv Shah, was overseeing a program to train offshore call center workers. Is that hypocrisy or just managerial incompetence on the part of the White House?

In my view, if a privately-owned company (including "publicly" traded ones like IBM) wants to outsource work overseas, that's its business. Ultimately, the executives who make such a decision will be answerable to shareholders and customers. If the strategy works, they'll be rewarded. If not, they'll get pummeled by the market.

But it's unfathomable that a federal agency like USAID should be (again) dipping into the public trough for money to train foreign nationals to work in overseas call centers.