



U.S. AGENCY FOR
GLOBAL MEDIA

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INTERNET FREEDOM

WHAT WAS FOUND

Internet freedom is under assault around the world. Regimes and sub-state actors are stifling human liberty by employing technologies that prevent people from using digital means to communicate and access information. Because freedom of expression is indispensable to democracy, Congress has provided funding to the U.S. Agency for Global Media (USAGM) – the home of U.S. civilian international broadcasting – to assist the advancement of internet freedom. The annual appropriation amount varies. It was \$15 million in FY 2017, \$13.8 million in FY 2018 and 2019, and \$20 million in FY 2020.

Michael Pack, who became the first Senate-confirmed CEO of USAGM in June 2020, deemed it a priority of the agency to embolden journalists, activists, and everyday citizens fighting for liberty by expanding their digital access to vital services while allowing them to evade censorship and surveillance. Internet firewalls are violations of the fundamental freedoms of thought and expression. They are indeed the “Berlin Walls of our time” and, thus, must too be conquered.

In 2016, USAGM created the [Office of Internet Freedom](#) (OIF) in order to direct Congress’s FY 2016 appropriation of \$15 million to firewall-circumvention technologies. Over the years, USAGM senior management diverted more and more of the funding to a separate entity that had been created within Radio Free Asia (RFA): the Open Technology Fund (OTF). That trend continued until OTF, which remains dedicated to backing only “open-source” technologies, was receiving almost all of the funding. In turn, USAGM’s Office of Internet Freedom was starved for resources and effectively put out of commission.

Immediately after CEO Pack started his three-year term, he ordered an across-the-board spending review to determine the validity of the agency’s financial environment and to take corrective action as needed to conform to statutory and regulatory requirements. OTF, which was being solely funded by USAGM, was part of this assessment. New USAGM senior management soon discovered numerous, alarming preexisting and ongoing instances of mismanagement and security and personnel violations.

The former Broadcasting Board of Governors (BBG) and Libby Liu, OTF’s Executive Director – and the former President of RFA – had broken off OTF from RFA in September 2019. Taking the

entire annual appropriation of U.S.-taxpayer funding, Ms. Liu incorporated OTF under her own name as an independent non-profit in the District of Columbia.

OTF then moved out of RFA and spent a significant amount of grant money to lease office space in the high-rent district of the capital's "K Street corridor." It proceeded to spend over \$2 million dollars to inflate staff salaries and benefits and host a lavish overseas conference. Further, as a separate entity, OTF immediately became a duplicative level of bureaucracy. It provided grants to civil-society organizations and causes that were not only already funded by other parts of the federal government, but unrelated to internet freedom.

USAGM – again, OTF's singular funding source – requested basic information from OTF about the way that it was spending millions of dollars generously provided by American taxpayers. It repeatedly refused to provide this information in direct violation of its most elementary contractual obligations. To this day, USAGM and the rest of the federal government know little about OTF's use of U.S.-taxpayer money. As recently as 2020, OTF was apparently paying foreign nationals as "technology fellows" up to \$65,000 a year, and a number of their identities remain unknown.

USAGM further received a referral from the Office of Inspector General (OIG) for the U.S. Department of State and USAGM concerning conflicts of interest at OTF. When the BBG and Ms. Liu broke off OTF as an independent non-profit in September 2019, they did so without adequate authorization from Congress. This created a conflict of interest. OTF already had a history of conflicts of interest, first documented in the 2015 OIG audit of RFA expenditures.

In 2020, OTF materially breached its grant agreement by refusing to provide reasonably-requested information necessary to conduct proper agency oversight. Perhaps most importantly, in direct violation of its grant agreement, OTF used grant funds for projects that had nothing to do with internet freedom, exceeding the authorized purposes of the Congressional appropriation for internet freedom programs. Further dealings with OTF as well as its principals and corporate officers were deemed to present a risk to the federal government.

WHAT WAS DONE—AND WHY

Because of these many disconcerting issues and the amount of records involved, USAGM contracted a law firm specializing in regulatory and compliance matters to conduct an independent investigation of aspects of OTF. Based upon findings resulting from an investigation conducted by McGuireWoods LLC into allegations made to the OIG and related matters, USAGM determined that OTF, its board, principals, and corporate officers committed irregularities seriously reflecting on the propriety of further federal government dealings with the grantee.

It was found that OTF's removal of records and its failure to provide information to USAGM could serve as a basis for debarment. Specifically, Ms. Liu directed her RFA e-mails be

transferred to OTF's servers and permanently deleted from RFA's servers—an order that was followed. Moreover, OTF refused to cooperate with USAGM requests for reasonable access to records, despite its obligation to do so under its grant agreement. For example, in formal correspondence between USAGM and OTF in August and September 2020, OTF refused to provide USAGM “every contract, grant agreement, and obligation that OTF has executed to date with every organization, entity, or person to which OTF disburses funds or provides material support.” OTF also objected to providing USAGM with a “a detailed description of the work done by that organization, entity, or person and any deliverables they have accomplished, and a list of any other U.S. federal agencies or grantees that provide additional funding to these same organizations, entities, or persons.”

Consequently, USAGM began debarment proceedings against OTF. A notice of proposed debarment was sent to OTF in December 2020 along with memoranda composed by McGuireWoods LLC, which cited evidence of OTF's lack of transparency and refusal to cooperate with USAGM, contrary to the grant agreement and related federal regulations, as reason for recommending debarment.

Concurrently, CEO Pack revived USAGM's Office of Internet Freedom in August 2020. Before OIF had been shelved by prior agency senior management, it was doing the same work as OTF, though with greater efficiency, security, oversight, and impact. And unlike OTF, it was and remains dedicated to supporting a range of firewall-circumvention technologies, not just those that are open source. It is USAGM's position that, because the challenges to internet freedom throughout the world are constantly evolving, the technologies deployed to meet them must be varied. While open-source technologies are effective in some places, they are simply not in others. As with other forms of investment, diversification is the optimal strategy.

Along with reopening OIF, USAGM reinstated a transparent and competitive grant process and began awarding funds to firewall-circumvention technologies. These funds will enable individuals around the world to more safely access and share news content and other digital information online. The two initial awardees were Psiphon and ACI, which use robust tools like VPN, SSH, and HTTP proxies. In FY 2020, Psiphon alone supported VOA Afaan Oromoo, Afghan, Amharic, Azerbaijani, Burmese, Chinese, Persian, Russian, Tibetan, Tigrigna, Urdu, Uzbek, Vietnamese, and English; RFE/RL Azeri, Belarussian, Chechen, Crimean, Farda (Persian), Kazakh, Kyrgyz, Russian, Tajik, Turkmen, Ukraine, and Uzbek; RFA Cantonese, Mandarin, Tibetan, Uyghur, and Vietnamese; MBN Alhurra and Radio Sawa, and; OCB Martí.

WHAT SHOULD BE DONE MOVING FORWARD

USAGM recommends that the agency continue to channel Congress's annual appropriations to the Office of Internet Freedom, which boasts an excellent track record of transparently funding a range of impactful circumvention technologies. USAGM also advises that Congress fund internet freedom at a much greater level in order to establish a government-wide internet firewall-circumvention campaign, one that would be led by an eminent tech expert. To be sure,

the annual appropriations have been helpful, but an amount like the FY 2020 level of \$20 million pales in comparison to what America's adversaries – like China, Iran, and North Korea – are spending in order to block access to the internet and quash freedom of expression and the truth.