

**Statement of Ambassador Kathleen Stephens**

**Vice-Chair of the Board of Trustees  
The Asia Foundation**

**Prepared for the  
House Committee on Appropriations  
Subcommittee on State, Foreign Operations and Related Programs**

**THE ASIA FOUNDATION (TAF)**

**March 2019**

Madame Chair Lowey, Ranking Member Rogers & Members of the Subcommittee:

I am honored to submit this testimony as Vice-Chair of the Board of Trustees of The Asia Foundation (TAF). For 65 years, the Foundation has advanced the interests of the United States in supporting stable democracies, good governance, the political and economic rights of women and free markets in Asia. We are deeply grateful for the confidence the Committee has shown in the Foundation in recent years. Established in 1954, The Asia Foundation is a private, non-profit, nongovernmental organization headquartered in San Francisco. An annual appropriation is authorized under The Asia Foundation Act of 1983 (22USC4402). The Act acknowledged the importance of sustained funding for TAF and endorsed its ongoing value and contributions to U.S. interests in Asia. We pledge to you that with your continuing support, The Asia Foundation will sustain its work across the Indo-Pacific. In order to build on Congress' investment in the Foundation, The Asia Foundation is asking for \$19,000,000 for Fiscal Year 2020, the same level as enacted funding in FY2011. This modest increase will enable the Foundation's plans for new programs in technology for economic empowerment, cyber-security, and governance, and allow the Foundation's re-entry into Pacific Island nations important to U.S. interests, where there are major challenges to governance, women's empowerment and disaster resilience.

TAF operates through 18 country offices in Asia. Through those offices, we identify and establish relationships with reform-minded individuals and organizations that merit our help as they seek to advance the same goals and interests that we support. We believe that those we nurture today will ensure future security cooperation, development partnerships and fair trade between the U.S. and vital nations of Asia.

Appropriated funding is critical to TAF's ability to continue operating as a unique American asset across the Indo-Pacific region. In making our request for funding of \$19 million, we are very aware of budgetary pressures on the Committee. We respectfully suggest, however, that TAF is an especially cost-effective investment for the Congress in a time of budget constraints. TAF delivers programs that have impact and make the most of the taxpayer dollar by leveraging resources. TAF has worked hard to diversify its funding, raising roughly four dollars from non-USG sources for every dollar of direct appropriation it has received for the past decade.

We have appreciated the past support of the Committee in rejecting proposed cuts and we hope that you will do so again. We ask that you consider this increase for TAF given the priority interests of the U.S. in the Indo-Pacific region, as signaled by the passage of the Asia Reassurance Initiative Act (ARIA) by the Congress in December 2018.

Sufficient appropriated funding is essential to maintaining the Foundation's strong presence across Asia, specifically in countries of priority interest to the U.S. No other organization has the long history and presence on the ground of the Asia Foundation in Burma, Malaysia, Thailand, Vietnam, China and Indonesia. Trust is built on continuity, and it is because of TAF's consistent local presence throughout the region that it has become such a trusted partner to local civil society and individual reformers in advancing democratic reform and free markets in the region.

At a time when the U.S. is working to support a free, open, prosperous, rule-based order in the Indo-Pacific, TAF's ability to advance these goals on the ground in Asia is more important than ever. TAF has been grateful for its stable funding at \$17 million for the past six years, but the new challenges to American interests in the region and TAF's unique ability to respond to those challenges justifies the request for an increase to \$19 million.

### **How is The Asia Foundation Unique Among Other Organizations Operating in Asia?**

The Asia Foundation is first and foremost a field-based organization. Through a cost-effective combination of grant-making and direct program operations managed by our 18 permanent offices in Asia, TAF maximizes program impact while keeping costs low. TAF, on average, makes nearly 700 grants a year to partner organizations in Asia. Past Committee report language has commended the effectiveness of TAF's grant-making role. Through its network of offices, TAF can respond rapidly to new conditions, and TAF's action oriented research and evidence-based approaches enable programs to address identified needs on the ground. TAF then delivers programs to meet local needs, improving the lives of Asia's citizens and contributing to cooperative U.S.-Asia relations.

TAF promotes reform by providing training, technical assistance and seed funding to hundreds of established and emerging Asian partner organizations, reform-minded individuals and future leaders. These longstanding investments in human capital have paid off. TAF has important relationships with Asian governments and leaders and at the same time, maintains links to local communities built on decades of trust and ongoing engagement. Former TAF grantees have become leaders and change-makers in government, industry, academia and an increasingly diverse civil society, for example, the new Speaker of the Mongolian parliament, President of the Diplomatic Academy of Vietnam, founder and Chairman of the premier polling organization in Asia, The Social Weather stations, in the Philippines, and founder of the Center for Korean Women in Politics.

As country specialists, TAF representatives act as a substantive resource for program partners and implementers. TAF also acts as a resource on political and economic trends and issues for U.S. Embassies across Asia, especially as U.S. officials' movements and outreach have been more circumscribed due to security concerns. TAF often responds to Embassy requests to

provide books for American Centers through TAF's flagship Books for Asia program. TAF continues to work with U.S. Embassies in complementary ways on sensitive issues that cannot be addressed by the USG directly.

### **How Does The Asia Foundation Contribute to U.S. Interests in the Indo-Pacific Region?**

More than ever, the U.S. has vital economic, political and security interests in Asia, and TAF's engagement has led to better governance, stronger economies, and empowered citizens in many parts of the region. These developments have led to deeper economic relationships and increased security cooperation between Asian countries and the United States. The core areas of TAF's work directly contribute to advancing U.S. strategic goals and objectives.

TAF focuses on country and regional programs that promote stability in Asia and advance American interests. TAF's work strengthens democratic institutions; improves governance and the rule of law; and counters violent extremism. TAF programs engage local partners to develop mechanisms to combat corruption and increase transparency. In Indonesia, TAF's program to strengthen the judicial sector to prevent corruption has trained 38 new judges on anti-corruption principles, introduced anti-corruption modules into bar association training and law school curricula, and supported the use of analytical tools to monitor corruption cases.

TAF contributes to sustained economic growth in the region, improving accountability and economic opportunities for Asian and American businesses; increasing women's empowerment and entrepreneurship; and encouraging regional cooperation and connectivity among nations in the Indo-Pacific region. Technology solutions have identified roadblocks to digital entrepreneurship and helped create an enabling environment for the digital economy, including through a partnership with Google to advance economic entrepreneurship and inclusion in an APEC initiative resulting in a Digital Prosperity Award.

Vietnam's fruits and vegetables industry are a key driver of the country's economy. TAF and the Ministry of Agriculture undertook research to identify factors that affect the competitiveness of fruits and vegetable enterprises, including the importance of food safety and traceability of food supply chain management. To address the issue, TAF's project *APEC Connect* introduced a blockchain-verified digital identity platform for Vietnamese dragon fruit producers and exporters to attach unique and authenticable signatures to their products. Other participants in the value chain, including consumers, retailers and importers can use the platform to trace the provenance of the goods they buy. By September 2018, 26 user IDs were created for farmers, traders and export companies. Information related to 50 trades of dragon fruits to Australia were uploaded to the platform, with QR stamps attached to every dragon fruit in the 50 trades, encouraging a new platform for growth of the industry.

TAF contributes to the U.S. strategy of balanced engagement by working with countries to transition from assistance recipients to enduring diplomatic, economic and security partners. TAF programs reinforce U.S. policy priorities and interests by improving the business policy environment in Asian countries through better governance, procurement practices and transparency. TAF also convenes dialogues where American and Asian foreign policymakers discuss common approaches and deepen understanding in the post-traditional aid environment of

emerging donors. TAF also works with partners to examine the conditions facing newly advanced middle income countries, these countries have progressed beyond development assistance, but still face governance and other challenges as key economic and security partners of the U.S., such as Malaysia, Vietnam and Thailand. Transitions take time, and appropriated dollars allow TAF to make long-term investments in positive ways.

### **What Would the Foundation do with Increased Funding?**

We have appreciated the faith of the Committee in supporting TAF's funding despite the proposed cut in the President's budget. We have worked to earn that trust by maximizing programs that advance and complement U.S. interests in the region.

FY 2020 funding at \$19 million would position The Asia Foundation to maintain and expand programs in countries struggling with corruption, internal conflicts and weak democratic processes and institutions. TAF's programs have deepened over the years to address the root causes of extremism, governance at the national and sub-national level, women's empowerment and harness the use of technology to increase program impact. TAF uses evidence based approaches by conducting primary research that is used as a basis for our own programs but is also shared, valued and used by other donors and governments, to improve how assistance is provided. An example is the Survey of the Afghan People, now in its 14<sup>th</sup> year.

Priorities include expanding use of technology to promote inclusive economic growth and entrepreneurship, and address governance issues in the Pacific Islands, where concerns about outside influences have become stronger. TAF's goals continue to be:

- Expand community resilience, youth leadership and security in areas vulnerable to extremist recruitment in Malaysia, Indonesia and other parts of Southeast Asia;
- Counter corruption and improve public accountability efforts in Burma, Sri Lanka, Timor Leste, Vietnam and Mongolia;
- Pioneer the *Myanmar Business Environment Index*, to benchmark constraints and opportunities in Myanmar's local economic governance, similar to TAF's successful indices in Vietnam, Indonesia, Sri Lanka and Cambodia;
- Embark on a new public education initiative *Safe Smart Digital Asia* to combat fake news, online fraud, scams and misinformation to protect consumers' digital identity and promote good digital citizenship in Indonesia, India, Korea, Taiwan, Thailand and Vietnam;
- Strengthen women's empowerment programs throughout Asia, including developing economic opportunity and entrepreneurship for women, supporting girls' education, and combatting trafficking and gender-based violence, especially in South Asia;
- Launch a new project on the *Future of Work*, focusing on the impact of automation that eliminates jobs in the manufacturing sector. In partnership with Microsoft, this research effort will result in a white paper and conference within ASEAN on upskilling and retraining opportunities in the region.

- Promote engagement of traditional and religious leaders in community development, women’s empowerment, election observation and education in Indonesia, Afghanistan, Bangladesh and Pakistan;
- Support transitional justice in Sri Lanka and Nepal, and the Philippines’ judicial reforms;
- Extend conflict resolution and peace processes in Afghanistan, the Philippines, Nepal and Burma, and in largely Muslim southern Thailand where lack of security and a long-running ethnic/religious conflict threaten national stability;
- Sustain TAF’s signature initiative, the Books for Asia program, which has provided over 51.7 million English-language books and digital content to more than 20 countries – nearly 300,000 in 2018 alone. Millions of Asian students and leaders have accessed global sources of knowledge and a better understanding of the United States. For this program, an investment of \$1 million in appropriated funds leverages \$10 million in donated English language books, digital content and educational materials from U.S. publishers. TAF has expanded its award winning e-book platform *Let’s Read*, which works with young local web developers and authors to create original children’s book content, freely accessible online for download and use in local schools, libraries and institutions. The program’s digital library has doubled its content since 2016, with over 1800 new books in English and 20 languages, including minority languages, in nine countries, including Cambodia, Indonesia, Myanmar, Nepal, Laos, .Vietnam, Thailand, and South Korea (in 10 languages for migrant worker families).
- Renew programs in key Pacific Island countries to work with stakeholders to improve governance and services; build capacity for civil society and government on principles of democracy and open societies, women’s rights and gender based violence and cooperation and coordination in disaster risk management and resilience.

**CONCLUSION:** Funding at \$19 million will allow The Asia Foundation to invest in innovative programs that have received Congressional encouragement. We believe the Foundation’s track record demonstrates that we can leverage any appropriated dollars and make efficient use of those funds to advance U.S. interests in the Indo-Pacific region.

We appreciate the Committee’s longstanding trust of and support for The Asia Foundation. The Congressional appropriation authorized in the 1983 Asia Foundation Act has been and remains invaluable to TAF’s ability to achieve results on the ground and fulfill our shared mission to maintain U.S. presence and advance U.S. interests in Asia. We respectfully urge that the Committee support FY2020 funding for The Asia Foundation at \$19 million.

*(A full listing of Asia Foundation programs may be found on our website at [www.asiafoundation.org](http://www.asiafoundation.org).)*