

**FY 2017 BUDGET PRIORITIES FOR SOUTH ASIA:  
RECOVERY, DEVELOPMENT, AND ENGAGEMENT**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON ASIA AND THE PACIFIC  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTEENTH CONGRESS  
SECOND SESSION

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## **FY 2017 BUDGET PRIORITIES FOR SOUTH ASIA: RECOVERY, DEVELOPMENT, AND ENGAGEMENT**

**WEDNESDAY, MAY 11, 2016**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ASIA AND THE PACIFIC,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2:09 p.m., in room 2172, Rayburn House Office Building, Hon. Matt Salmon (chairman of the subcommittee) presiding.

Mr. SALMON. This committee will come to order. Members present will be permitted to submit written statements to be included in the official hearing record.

And without objection, the hearing record will remain open for 5 calendar days to allow statements, questions, and extraneous materials for the record subject to the length limitation in the rules.

The South Asian's subcontinent is one of enormous potential. This important region of over 1½ billion people, including 40 percent of the world's poor, is often overlooked, or viewed primarily through the lens of the challenges in Afghanistan and Pakistan.

But the rest of South Asia is more significant than the attention it receives would suggest. India recently surpassed China as the world's fastest growing and large economy, and the region is looking to enhance trade connectivity to boost growth.

On the other hand, South Asia still faces major development challenges, including weak governance, corruption, and threats from violent extremism. We will hear from the administration witnesses today on its efforts in these areas.

Given China's interests in building influence in the region, I would also like to hear about the administration's work to maintain relevancy in South Asia.

This hearing will focus on the Fiscal Year 2017 State Department and U.S. Agency for International Development budget request for the South Asia region. I look forward to hearing from the panel about how we are to boost U.S. presence in this important region.

India is undoubtedly a very important partner for the United States. We have many interests in India, including facilitating India's membership in APEC, which I have spoken many times and checked in with you guys about, ongoing BIT negotiations, and strengthening defense and security agreements.

Twenty percent of India's population lives in extreme poverty, with one-fourth of the total population completely off the electric grid. If India is to realize its leading role in the region, it must facilitate reforms to create opportunities and better lives for its own people.

How are we assisting the Indian Government and leveraging the private sector to improve the conditions of the people in India? India is clearly a priority for the administration, but what progress is now being made? This committee has concerns about antiquated protectionist policies that hold back India's full-growth potential and hurt U.S. companies. Restrictions on market access including direct retail sales, weak intellectual property protection, and the time required to resolve contract disputes are among the top concerns for U.S. businesses.

Prime Minister Modi has made economic reform a centerpiece in his administration, and I am very pleased that he has.

What are we doing to help spur the Indian Government in the much-needed opening of India's economy? Sri Lanka's new government has been touted as more American leaning than the prior administration, but more work lies ahead. The Fiscal Year 2017 budget request for Sri Lanka is a tenfold increase from previous years, now at 39.8 million. How will such an increase in funding work toward bolstering democratic change and strengthening civil society organizations?

Many successful efforts in South Asia are transferable between countries. How are we ensuring adequate transfer of successful programs to leverage resources efficiently? Nepal faced a devastating earthquake last year, and the House responded with a resolution that myself, along with Ranking Member Sherman, put forward. We stood with Nepal. And my State of Arizona even lost one of our finest in the efforts to search and rescue, and we continue to assist in rebuilding.

This year's budget calls for an increase of 8.3 million for Nepal for continued relief efforts. Please update us on these efforts in Nepal, including timeframe and the outlook to completion.

Bangladesh receives the largest amount of U.S. development assistance and global funding in the region. Bangladesh is considered a moderate Muslim country, receives the most attention for counterterrorism efforts, yet, continues to struggle.

Since 2013, several bloggers and international activities have been brutally killed, six in the past 12 months alone. I offer my deepest condolences to the families and friends of the USAID employee and local human rights activist, who was brutally murdered just a few short weeks ago. Bangladesh also continues to struggle with democratic governance, the rule of law, and corruption.

The request for assistance to Bangladesh reflects an increase of \$13.5 million. I would also ask the panel to discuss overall assistance to Bangladesh as it results to countering violent extremism and providing for further freedom of expression without violent recourse. I also want to understand what specific programs are we putting in place to meet these challenges?

Finally, the Maldives, the smallest nation in the region, has shown a worrying deterioration of its democracy, as well as concerning percentage of its population traveling to the Middle East

as foreign fighters. South Asia is an increasingly important region of the world. It is ripe with opportunity, yet held back by corruption, weak governance, and danger of extremism.

With our oversight hearing today, we will be discussing diplomacy and foreign assistance in South Asia, including progress made over the past year. The United States should also look at how to best connect South Asia to the Asia Pacific, integration that would be vital to facilitating South Asia's potential. I look forward to the discussion not only on what was accomplished last year, but what we accomplish next year.

And before I turn the time over to our ranking member, I would like to recognize the Bangladesh Ambassador to the U.S. Would you please stand and be recognized.

Thank you, Ambassador. We are really happy to have you here today.

And I would like to now give time to the ranking member, Mr. Sherman.

Mr. SHERMAN. Mr. Chairman, thank you.

South Asia, with nearly 2 billion people, by definition, is a major focus of American foreign policy. As the largest democracy, second most populous country, maybe soon to be first most populous country, and the third largest economy in the world, India is perhaps the greatest geopolitical opportunity for the United States. The United States and India share many core values, including religious pluralism, individual freedom, and the rule of law. Over the past decade, the United States and India have worked to bring India out from nuclear isolation, increased defense and security cooperation, narrowed differences over how to combat climate change, and a number of other signs of a more intense and high-quality relationship.

Right now, our trade is about \$110 billion in goods and services both ways, and we are running a \$20-billion deficit. I strongly support Vice President Biden's goal of increasing bilateral trade to \$500 billion, and I hope that that is \$250 billion in each direction. I know the administration has continued to pursue a bilateral investment treaty with India, and I am interested in knowing how this would not only increase trade and investment, but lead to balanced trade.

And I would admonish the State Department folks, who are here, including, of course, the Assistant Secretary. Companies will come to you saying, this is great for America's economy, and what they want is to make \$1 million profit off a \$1 million licensing fee. The State Department needs to focus on the jobs, not the profits.

And, for example, I have seen the State Department actively market cars made in Germany because, well, Chrysler asked them to do it. They didn't bother to notice that the car was made in Germany. So I am hoping that the embassies and others who report to you are focused on the jobs aspect, not just whether there is a familiar American company asking for help.

The International Energy Administration estimates that India will require \$2.1 trillion in investment in power sector loans to meet pent up demand. I want to do everything we can to ensure that American companies employing American workers provide a

good portion of the plant equipment and technology that would go into that new infrastructure.

When we voted in favor of the nuclear cooperation agreement, we were told that India would reform its liability laws to facilitate American participation. I look forward to hearing from the witnesses as to why India continues to have a legal structure that provides that level of liability protection to Russian, French, and Chinese firms that can claim sovereign immunity, while, in effect, freezing U.S. companies out of the market.

As to Bangladesh, the chair noted many of the concerns. Despite development progress, there is the continued instance of extreme poverty. The growth of Islamic extremism, murderers working their way through a publicly circulated list of politically active members of religious minorities. Less than 2 weeks ago, Xulhaz Mannan, a USAID employee, was brutally murdered for his activism in human rights. The home of a Christian family was bombed, and just last weekend, a Sufi saint was murdered. I look forward to hearing how we are addressing these concerns, particularly with regard to the significant Hindu minority in Bangladesh.

I look forward to hearing your assessments on Sri Lanka and its political process of reconciliation. I met recently with the Ambassador of Sri Lanka and encouraged Sri Lanka to move forward to increase American import—imports from America, and, of course, political reconciliation between the Sinhalese and the Tanuk communities.

He explained that there were elements of progress, but as I talked to those from the Tamil community, I see that progress could be moving forward and more quickly toward giving more local power to local officials and withdrawing the military from the Northeast.

Even in the smallest country of the region, the Maldives, with a population of only 400,000, we see important American interests at stake. President Yameen is crushing democracy. It is becoming a recruiting paradise for jihadists. More than 200 Maldivians are estimated to have traveled to Syria and Iraq, the highest record of terrorist recruitment per capita in the world.

And when Islamic State fighters return to the Maldives, they don't face prosecution. Of course, there are countries in Europe where returning fighters do not face prosecution, and that is a mistake, both for the world and the individual country to which they return.

Finally, with respect to Nepal, I hope to hear about the effectiveness of the \$130 billion—million dollar U.S. response to the earthquake in April of last year.

Ms. Biswal, in your written testimony you say the needs are \$6.6 billion. Two-thirds have been committed, but that we are meeting only 10 to 18 percent of the housing and health facility needs. My guess is that although the commitment may be at the two-thirds level, the actual funding may be at the 5 or 10 percent level. And I look forward to seeing what we can do and how the administration would justify its \$109.3 million request, though. With that, I yield back.

Mr. SALMON. The Chair recognizes Mr. Bera for an opening statement, and then we will get to our witnesses.



Mr. BERA. Thank you, Mr. Chairman. Thank you, Ranking Member. And I look forward to hearing from the witnesses.

Obviously, this is an exciting time in the U.S.-India relationship. I mean, it is a remarkable time in terms of the level of economic cooperation and defense, the defense cooperation, and the possibilities are endless.

Working with the chairman, you know, a logical next step in the development of India and, you know, more broadly, South Asia, is India's membership in APEC, and certainly, this body looks forward to working with the Department of State to push for India's membership in APEC, and we continue to encourage that. That not only is beneficial to India, obviously that, you know, sets the stage for the next step, as potentially getting bilateral investment treaty. This also is beneficial to the entire region of South Asia. Obviously, India is an economic powerhouse, but, you know, as India's economy rises and develops, hopefully, that, then, spills over to Bangladesh and the other countries in the region.

So, yes, I do see this, both from the USAID perspective, but also from the U.S.-India perspective and U.S.-South Asia perspective as a great next step to really start to accelerate the South Asian marketplace and the countries.

So thank you. I look forward to hearing that, and I will yield back.

Mr. SALMON. Thank you. We are happy today to be joined by Assistant Secretary Nisha Biswal of the Department of State's Bureau of South and Central Asian Affairs, and Assistant Administrator Jonathan Stivers of the U.S. Agency for International Development, Bureau for Asia. We are appreciative to have both of you here today sharing your time with us. And I will recognize Ms. Biswal first. Thank you.

**STATEMENT OF THE HONORABLE NISHA DESAI BISWAL, ASSISTANT SECRETARY, BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Ms. BISWAL. Mr. Chairman, thank you very much. Ranking Member Sherman, thank you very much for the invitation to testify today. And I would ask that my full written statement be submitted for the record so that I may summarize.

Mr. SALMON. Without objection.

Ms. BISWAL. As you know, Mr. Chairman, I spent the formative years of my career working as a professional staff member on this committee, and so, it has instilled in me a longstanding respect for the important role of Congress in our foreign policy, and it is an honor and a pleasure to be here before the committee.

It is also a deep pleasure to be here with my good friend and former House colleague, John Stivers. John and I just returned from Bangladesh, and we were there in the aftermath of the terrorist attacks on Xulhaz Mannan. And I want to thank both of you and the committee for the strong support of USAID, the U.S. Embassy in the condemnation of that heinous act. I do believe that to so many—Xulhaz' death reminds us of the risks that our diplomats and development professionals face, and it is important to honor their sacrifices. And, again, I thank you for your strong support in that vein.

Mr. Chairman, as you noted, South Asia is at a pivotal point in its development. It is on the cusp of a new era of opportunity, but it is also buffeted by stark challenges, as both of you have noted. A strong U.S. partnership with the region is critical to addressing global issues of the utmost importance, mitigating climate change, combating violent extremism, ensuring maritime security, eradicating disease, decreasing poverty, and so much more, as well as unleashing a new era of opportunity of growth and of shared prosperity.

With India, our diplomatic economic and defense partnership is broader and deeper than ever before. As reflected in the strategic and commercial dialogue and our trilateral and multilateral engagements with India, including the ministerial with U.S., India, and Japan. The fact that we have had an unprecedented six leader-level visits and meetings in the last 2½ years, we are India's number one partner in military exercises, its leading defense supplier, and our commercial ties continue to expand, even as we explore new opportunities to further increase our bilateral trade.

In Bangladesh, we are investing in a key strategic partner in both regional and global challenges, such as climate change, food security, reducing poverty, advancing health, and peacekeeping, and many challenges remain in this dynamic country, despite remarkable progress in many of these areas.

One-third of Bangladeshis still live in poverty. Its geography makes it susceptible to the impacts of climate change, and adequate protections for workers are still very much a work in progress.

Yet, as both of you noted, many of the gains that Bangladesh has made in human development and economic growth risk being undermined by escalating extremism violence. As I noted, the recent slaying of Xulhaz Mannan, a respected and admired advocate for human rights, has shined an international spotlight on the increasing threat to Bangladesh's diverse and tolerant society.

During our visit, John and I underscored Secretary Kerry's message to the government and to the Prime Minister and the people of Bangladesh that the United States will work with them in this fight against violent extremism, and that during a time of such challenge, it is all the more important to respect the rule of law, political rights, and the ability for Bangladeshis to be able to speak freely.

But Bangladesh has a history of overcoming difficult challenges, and we are hopeful that with determined partnership, we can also help Bangladesh defeat the extremists and terrorists that threaten their vibrant society.

For Sri Lanka, the country's strategic position in the Indian Ocean makes it a key player in regional efforts to ensure maritime security to protect freedom of navigation and response to national disasters. Our bilateral relationship, as you have noted, has been transformed over the past year, thanks to a unity government led by a President and Prime Minister that are committed to reforms that can benefit all Sri Lankans. We recently launched the first U.S.-Sri Lanka partnership dialogue, and continue to look for opportunities to expand our partnership.

In Nepal, we continue to help the country recover from a tragic earthquake that struck in April of last year to ensure that the development gains from 60 years of partnership with Nepal are not lost. It is critical that we continue to support that massive reconstruction effort.

And, finally, given time constraints, I will refer you to my written testimony for Maldives and Bhutan, but we share the concern that on Maldives, that deteriorating democratic space in Maldives creates a breeding ground for extremism, and we are determined to work with partners and friends in the region and across the commonwealth to ensure that we can support the aspirations of the Maldivian people for a democratic society.

Finally, let me just conclude by recognizing that the rebalance to Asia, that the President has put as one of the centerpieces of his foreign policy, is fundamentally a recognition that the security and the prosperity of the American people is inextricably linked with the security and prosperity of Asia, and nowhere is that more evident than in the South Asia region. And we look forward to continued engagement with the important countries and people of that region.

Thank you. I look forward to your questions.

[The prepared statement of Ms. Biswal follows:]

**Testimony of Nisha Desai Biswal**  
**Assistant Secretary of State for South and Central Asian Affairs**  
**Before the House Foreign Affairs Subcommittee for Asia and the Pacific**  
**FY 2017 Budget Priorities for South Asia**  
**May 11, 2016**

**Introduction**

Mr. Chairman, Ranking Member, members of the committee: thank you for the invitation to testify today – it is, as always, an honor to come before this committee, which plays such a key role in advancing America’s interests abroad. It’s also a pleasure to be here with my good friend and former House colleague Jon Stivers. As you may know, I spent the formative years of my career working as a professional staff member on this committee, and it instilled in me a long-standing respect for the role of Congress in our foreign policy.

For the past 15 years, I have observed – from different angles and altitudes – how the countries of this region, and our relationships with them, have grown, evolved, and prospered. And while the past decade and a half has seen its share of successes – especially this past year – it’s nothing close to what is possible in this region over the next 15 years.

Today, roughly one quarter of humanity lives in South Asia – 1.7 billion people. But about two-thirds of them are still in the countryside. 500 million South Asians live without electricity, and about a third of South Asians live on a dollar a day or less – no other region has as many poor and undernourished people. Across the region, average gross national income is about \$1,500 per capita – one quarter of what it is in East Asia and less than 4 percent of the OECD average.

But if we look at this region only through the narrow prism of its problems, we miss its vast panorama of opportunity. Consider this: South Asia has more working-age people than anywhere else, and its economies are growing at an average of over seven percent. In the next 15 years, 250 million South Asians will move into cities, gaining greater access to health care, education, and employment opportunities. The IMF trumpets India as the world's fastest-growing major economy, and its middle class is projected to grow to nearly 500 million by 2030. Bangladesh, meanwhile, is projected to be a top 30 economy by the year 2030, with its middle class tripling over the next 10 years.

What does this mean for the United States? It means over a half a billion new customers for U.S. businesses, and not just in consumer goods but also in financial services, technology, the health sector, energy, education, travel, and much more. In the last 15 years, South Asia's overall imports have increased by a factor of four. And in 2014, the United States exported more than \$22 billion worth of goods to South Asia, making us the region's number one trading partner. Exports to South Asia support thousands of jobs in many of your districts and, as the region rises over the next 15 years, thousands more can be created.

Our engagement and diplomacy in Asia is as prominent and important as ever. The Administration's Rebalance strategy has long recognized that Asia's security and prosperity is inextricably linked with our own, and the countries of South Asia are playing critical roles in regional and global issues that are of great consequence to U.S. interests.

Our democratic partners in South Asia are also willing and able to commit their own resources to uphold international rules and norms, respond to natural disasters

and other crises, and promote regional security, particularly in the maritime domain.

And as South Asia's democracies grow in strength and capability, they can assume ever-greater responsibilities in the region, which not only takes some of the burden off of our own shoulders, but also, I would argue, can result in more efficient and sustainable outcomes.

However, South Asia's growth will not occur in a vacuum – instability, insecurity, and inadequate institutions could easily derail this success story. Within that context, I'll now review how the policies and programs supported by our \$440.7 million FY 2017 budget request will sustain greater stability, security, and prosperity in South Asia and here in the United States.

### **India**

I'll begin with India, which is projected to become the world's most populous country by 2030, with a rapidly expanding economy and middle class. U.S. companies have invested nearly \$30 billion in India and our bilateral trade has grown by a factor of 5 over the last 15 years, to over \$100 billion. As India's economy and middle class grows, we want to see that number increase another five-fold – about to where our trade with China is today. But for our economic relationship – and for India itself – to realize its full potential, it needs to overcome tremendous challenges in energy, education, health, water and sanitation, as well as religious-, gender- and caste-based discrimination and violence.

I should note that, while our request for \$76 million marks a decrease from previous years, we are now able to leverage four dollars from public and private sector partners for every one dollar that we spend in India. So while the relative numbers may be down, the absolute value is definitely up. Our request for India

focuses heavily on health and the environment, particularly clean energy. On the latter, India is fast becoming a global leader, aspiring to install 175 gigawatts of renewable energy by 2022, and U.S. businesses can play an outsized role in achieving this goal. We are already working with India to identify cost-effective ways to integrate renewable energy into the grid, and have jointly launched a fund to seed early-stage, off-grid technologies. What excites me most about this partnership is that many of the innovations we develop with India can be scaled and used throughout the world, bringing energy solutions to people all over Africa, Asia, and beyond. We have already done so with other development projects, as I'm sure Assistant Administrator Stivers can tell you about in detail.

And, as you well know, our work to advance U.S. interests with India extends far beyond our assistance programs. Our ties are guided by the Joint Strategic Vision enunciated by President Obama and Prime Minister Modi last year, and which is based on the belief that a closer partnership between our two countries – the world's two largest democracies – is imperative to promoting peace and prosperity in the Asia-Pacific and Indian Ocean region.

Our diplomatic partnership reaches far afield, as reflected in the dialogues we've held in D.C. and New Delhi, covering our cooperation at the UN, and in the Middle East, Africa, and East Asia. Our first annual Strategic and Commercial Dialogue, led jointly by Secretary Kerry and Secretary Pritzker, brought together more than a dozen different U.S. agencies to pursue numerous lines of effort. The U.S.-India-Japan ministerial explored trilateral cooperation in regional and maritime security, economic connectivity, and disaster response. Our Foreign Service Institutes now share best practices and conduct exchanges, and our development professionals are working together to alleviate poverty and fight diseases from Africa to East Asia. Our leaders have met together six times in the

last couple years, and Speaker Ryan's invitation to Prime Minister Modi to be the first foreign leader to address a Joint Session of Congress this year further underscores the importance that all branches of our government places on this relationship.

Our security cooperation is also breaking new ground, thanks to the commitment of Defense Secretary Carter to an ambitious vision of a strategic U.S.-Indian partnership. The U.S.-India Defense Technology and Trade Initiative (DTTI) continues to make progress, including our working groups on jet engine technology and aircraft carriers. The carrier working group marks the first time the United States has lent support to another country's indigenous carrier development program, and we hope to see a day in the not-too-distant future when U.S. and Indian navies – including aircraft carriers – operate side-by-side to promote maritime security and protect freedom of navigation for all nations. We are also India's number one partner in military exercises and its leading defense supplier – bilateral defense trade has reached \$13 billion and we have additional sales in the pipeline.

Our people-to-people ties are stronger than ever and underpin all elements of our relationship. The Indo-U.S. 21<sup>st</sup> Century Knowledge Initiative is building productive partnerships between our institutes of higher education, and last year Indians accounted for 14 percent of all international students studying in the United States. India has over 15,000 alumni of U.S. government exchange programs, including 6 current and former heads of state (Prime Minister Modi among them), 35 members of parliament, 11 chief ministers, and leaders in business, academia, civil society and the arts. And our long-running efforts to promote tourism ties are paying off handsomely: in 2014, Indian tourists spent



nearly \$10 billion in the United States – including almost \$500 million in California alone.

In the economic sphere, we continue to discuss the benefits that a high-standard bilateral investment treaty would bring to India's economy, and our CEO Forum – which works in tandem with the new commercial pillar of our annual dialogue – helps to improve the ease of doing business, intellectual property rights protection and enforcement, and other issues important to the U.S. business community. And because India's growth will depend in large part on trading more with its neighbors, we've made enhanced connectivity a central goal of our regional strategy, which I will detail at the end.

### **Bangladesh**

Bangladesh's rivers and its strategic location in the Bay of Bengal also make it a critical linkage in our regional connectivity efforts. And Bangladesh's development gains over the past several decades demonstrate what we can achieve through a determined partnership: it went from a food importer to a food exporter, its economy has grown at nearly 6 percent annually for more than 20 years, it cut its poverty rate in half over the last 15 years, and it reduced its under-five mortality by nearly 75 percent between 1990 and 2015. As Assistant Administrator Stivers will tell you, USAID has had an outsized role in these achievements, and our \$207.9 million budget request for FY 2017 will build on past progress to ensure Bangladesh's future success. We are investing in Bangladesh's success because it is a key strategic partner both in South Asia and on global challenges like climate change and peacekeeping. Bangladesh has more than 160 million people – 65 percent of who are under the age of 26 – and hosts the world's fourth-largest population of Muslims, making it an important partner in promoting tolerance,

diversity, and the empowerment of women. It is the number two contributor of UN peacekeepers, and its farmers help ensure global food security. And thanks to innovations by Bangladeshi institutions like Grameen Bank and BRAC – such as microfinance and new oral-rehydration therapies – tens of millions of the world’s poor, especially women and children, have had their lives transformed for the better.

But many challenges remain in this dynamic country. One-third of Bangladeshis still live in poverty. The country’s combination of high population density and low elevation make it highly susceptible to rising sea levels and extreme weather events. We also continue to work with Bangladesh to improve worker safety and labor rights, especially in its garment industry, which accounts for 80 percent of the country’s exports and employs well over four million workers, the majority of whom are women. While some progress has been made on worker safety – thanks in no small part to the herculean efforts of international brands, labor organizations, and diplomats – much remains to be done. The government still needs to demonstrate its commitment to protecting workers’ right to organize and to bringing its Export Processing Zones in line with international labor standards.

However, many of the gains that Bangladesh has made in human development and economic growth risk being undermined by the escalating extremist violence. Jon and I just returned from Dhaka, in the aftermath of the terrorist attack on Xulhaz Mannan, a long-time employee and beloved colleague of the U.S. Embassy. Xulhaz was also a respected and admired advocate for human rights. During our visit, we underscored Secretary Kerry’s message to the government and people of Bangladesh that the United States will work with them in the fight against violent extremism, and that during a time of such challenge, it is more important than ever

to respect the rule of law, political rights, and the ability for Bangladeshis to speak their mind.

And while preserving free speech, holding free and fair elections, and creating space for a vibrant civil society to operate are all important elements to succeeding in this struggle, they alone are not enough. It will also require vigilance to prevent attacks, intelligence to detect threats, well-trained police to investigate attacks, and a strong and transparent judicial system to ensure that justice is served.

In addition to expanding programs that seek to counter violent extremism, we are also working in new ways to help the government of Bangladesh understand and deal with the new contours of this threat. In all of these efforts, we work closely with trusted partners in Bangladesh, including the United Kingdom, Canada, and Australia. And we use public diplomacy programs and our social media presence to help in the fight – with nearly 2.8 million followers, Embassy Dhaka has the largest Facebook fan base of any U.S. mission in the world, and uses it to reach a large youth audience and present attractive alternatives to violent extremist ideologies. Bangladesh has a history of overcoming difficult challenges, and we are hopeful that, with a determined partnership, we can also help Bangladesh defeat the extremists and terrorists that threaten this vibrant society.

### **Sri Lanka**

I will now turn to Sri Lanka, where our bilateral relationship has been transformed over the past year, thanks to a unity government led by a president and prime minister that are committed to reforms that can benefit *all* Sri Lankans. Sri Lanka now has the opportunity to assume its rightful place as a leader in the international community, one that contributes to the global economy; promotes human rights, accountability, transitional justice, and democracy; and that helps to uphold

international law. Sri Lanka's strategic position in the Indian Ocean makes it a key player in regional efforts to ensure maritime security, protect freedom of navigation, and respond to natural disasters. And its natural ports, abundant resources, and entrepreneurial people all mean enormous potential for economic growth and connectivity. With all of these factors in mind, our FY 2017 budget request of \$39.8 million will support the government's reforms to stimulate trade and investment, improve governance and human rights, and pursue reconciliation and accountability.

Our diplomatic relations are at an all-time high, and we are now working with Sri Lanka to implement the steps agreed to in the resolution we jointly sponsored at the UN Human Rights Council last year. We also support reconciliation through our public diplomacy programs, such as by teaching English, which serves as a linking language between Sri Lankan Sinhalese and Tamil communities. Embassy Colombo is also working to strengthen Sri Lanka's media environment through training for journalists on access to information, increasing diversity in types of stories covered, and improving English language skills.

This past month, we launched the U.S.-Sri Lanka Partnership Dialogue, which expanded and reinforced our cooperation in development, governance, energy, trade, and security. And our approach to make Sri Lanka's economy stronger is truly whole-of government. The USTR just hosted the U.S.-Sri Lanka Trade and Investment Framework Agreement (TIFA) Council Meeting at the end of April. Through the Department of Commerce, we train Sri Lankan business leaders and government officials in best practices for their nascent tourism industry, which is on track to have a banner year. And the Treasury Department will soon embed an advisor in Sri Lanka's Ministry of Finance, who will assist the ministry with public financial management reforms for the next two years.

**Nepal**

In Nepal, a land-locked nation strategically located between India and China, we request \$109.3 million for FY 2017, which includes support of Secretary Kerry's pledge to help the Nepali people recover from the tragic earthquake that struck in April of last year. The World Bank estimates that reconstruction will take decades and cost \$6.6 billion, of which donors have now committed two-thirds of the total amount. Despite these pledges, there is a huge funding gap for reconstruction efforts. Donor commitments only meet reconstruction needs of 10 percent for housing, 18 percent for health facilities, and 25 percent for schools. In the near-term, we are working with trusted partners like the National Society for Earthquake Technology-Nepal, UNICEF, Save the Children, and the Asia Foundation to train masons and engineers on safe building practices, provide temporary learning centers, help farmers get back on their feet, and protect vulnerable populations from the human trafficking that too often follows such disasters. Grants from our Ambassador's Fund for Cultural Preservation have helped preserve and restore cultural heritage assets, an important step in helping Nepal rebuild its tourism industry. Though the government of Nepal's rebuilding efforts got off to a slow start, we are working with the National Reconstruction Authority to get projects done as quickly as effectively as possible. In all areas, our diplomats have worked assiduously to ensure that relief and recovery funds are distributed transparently and that as little as possible is lost to waste or fraud. But to ensure that development gains from our 60 year partnership with Nepal are not lost, it is critical that we continue to support Nepal's massive reconstruction effort.

As you know, Nepal's earthquake struck as the nation was still transitioning from a decade-long insurgency that had crystalized grievances and mistrust among elements of its diverse population. Nepal promulgated its long-awaited constitution

last fall, an important milestone in the country's democratic journey. The government's task now is to ensure that the new constitution – as well as any implementing law – is inclusive and has the broadest possible support in every part of the country, and enshrines and protects basic human rights, including gender equality, equal rights to citizenship, and religious freedom. Like the United States, Nepal is gifted with a wonderfully diverse, tolerant, creative, and entrepreneurial population – one that can only realize its full potential when everyone is treated equally before the law.

Nepal still has one of the lowest levels of per-capita income in Asia, and its economic growth will depend on its ability to capitalize on regional energy connectivity and the nation's vast hydropower potential – over 40,000 megawatts worth – which could help power South Asia's growing economies. Despite that enormous potential, Nepal currently has only 780 megawatts of installed capacity. The Millennium Challenge Corporation is developing a compact for Nepal that will likely focus on reforming the energy sector and improving transport infrastructure, and we have launched a multi-year, nearly \$10 million program to support that effort. In addition, in Kathmandu's Chamber of Commerce we have opened an Innovation Hub, which promotes and assists the city's nascent community of tech entrepreneurs.

We also continue to work closely with Nepal's government to protect and assist the many Tibetan and Bhutanese refugees in the country. Between 12,000 and 20,000 Tibetan refugees now live in Nepal, and our Ambassador serves as the Chair of the Tibet Contact Group. Nepal has also hosted many thousands of Bhutanese refugees for decades, and – as part of one of the world's most successful refugee resettlement programs – the United States has resettled over 86,000 Bhutanese since 2008. As this program begins to wind down, we are committed to working

with the United Nations and international NGOs to establish a durable solution for the remaining Bhutanese refugees in Nepal.

### **Maldives**

I'll now turn to the Maldives where, unfortunately, we have seen little progress since last year with respect to strengthening democracy and the rule of law. While we acknowledge the extended medical leave granted to former president Nasheed, we remain greatly concerned about the narrowing of legitimate political space: too many opposition politicians still remain behind bars because the government's intolerance for criticism or competition. We are also concerned about the fertile ground for recruitment that violent extremists find in Maldives, where the youth population struggles with high unemployment and a lack of opportunities in higher education.

Maldives is also one of the most vulnerable nations in the world to the impacts of climate change, and is threatened by seaborne trafficking of drugs and weapons. Our budget request of \$3.3 million for Maldives in FY 2017 will allow us to continue our engagement with Maldives to adapt to the impacts of climate change, counter violent extremism, and increase maritime security.

### **Bhutan**

In Bhutan, we continue to strengthen our warm and unofficial ties with one of Asia's newest democracies. Bhutan is a global role model on issues like climate change and environmental conservation. It actually absorbs three times more carbon dioxide than it emits, making the country carbon negative, and it has pledged to remain carbon neutral in perpetuity. It is investing in clean energy, and its constitution requires the country to maintain at least 60 percent forest cover, and it now boasts 72 percent coverage. Despite its small size, Bhutan also contributes

to global peacekeeping operations, with a small number of personnel that serve in eight different UN missions worldwide – and it looks to expand its contributions further. While this budget does not request any bilateral funds for Bhutan, we will continue to strengthen our educational and cultural ties, and support Bhutan’s participation in international and regional forums. We will also encourage Congress to lend its support to our efforts to find new avenues of cooperation with Bhutan.

### **Indo-Pacific Economic Corridor**

I’ll end with a brief update on the Indo-Pacific Economic Corridor (IPEC), our flagship regional connectivity effort in South Asia, which works to improve energy markets, trade and transport routes, customs and border procedures, and people-to-people ties both among South Asians and with their neighbors in Southeast Asia. South Asia remains among the least economically integrated regions in the world, and non-tariff barriers to trade are a major cause. For example, it takes up to 20 separate authorizations for merchants to import and export goods from India to Bangladesh and, even after that, cargo must be reloaded onto new trucks because of differences in axle loading and road quality. With targeted interventions, IPEC finds diplomatic and programmatic solutions to such problems and becomes a connectivity force-multiplier. For example, a feasibility study we funded led to the construction of a 500 megawatt transmission line between India and Bangladesh. We’ve now hired consultants to help Bangladesh harmonize its grid code with its neighbors – making it easier to move energy to where it’s needed most and facilitating the expansion of that 500 megawatt line to 1000 megawatts. And we’ve invited South Asian port operators to learn best practices from – and forge business partnerships with – their counterparts in Baltimore, New Orleans, and New York and New Jersey.



**Conclusion**

As you can see, South Asia is a region of tremendous potential, though one that still faces many challenges, including widespread poverty, frequent natural disasters, and the threat of violent extremism. The policies and programs supported by this budget request will ensure that we continue to be a leader that promotes economic connectivity and growth, advances good governance and democracy, and ensures regional security and stability. In the coming years, the countries of South Asia will assume an ever-greater role and importance in global affairs. At the same time, there will be more opportunities for U.S. businesses to invest in and trade with the region, which will generate more jobs and economic growth here at home. With smart, focused engagement, we can ensure that South Asians and Americans alike continue to reap the benefits of regional stability, security, and prosperity. Thank you.

Mr. SALMON. Thank you.  
Mr. Stivers.

**STATEMENT OF THE HONORABLE JONATHAN STIVERS, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Mr. STIVERS. Thank you. Chairman Salmon, Ranking Member Sherman, and distinguished members of this subcommittee. Thank you for the invitation to testify today on advancing U.S. foreign policy goals in South Asia. It is an honor to be back again before this committee, especially alongside my friend and colleague, Assistant Secretary Nisha Biswal.

Before I begin, I would like to extend the deepest condolences to the families and friends of Xulhaz Mannan. He was a member of the USAID family in Bangladesh, and he was brutally murdered late last month. Xulhaz embodies the very best of USAID. He was a heroic leader for human rights including on LGBTI issues. His tragic loss is a reminder of the risks that our staff take every day in the field to improve the lives of the most vulnerable people.

Last week, Nisha and I were able to meet with his family and friends to better understand his life and legacy and what he was fighting for in Bangladesh, in addition to the growing violent extremism in that country.

We are urging the Bangladesh Government, at the highest levels, to fully investigate this violent attack, and others and bring the perpetrators to justice. We are also ensuring the safety and security of our staff as our highest priority in this difficult operating environment.

The President's budget request of \$440.7 million for South Asia reflects our sustained commitment to this vitally important region. While the region has achieved much success in terms of development, significant challenges remain. South Asia has roughly one-third of the world's extreme poor, both the highest rates and largest numbers of undernourished children in the world, and is extremely prone to natural disasters as we saw last April in Nepal.

We are working through three primary approaches in USAID. First, we are pioneering a new model of development that focuses on leveraging our impact and our funding by using public-private partnerships, science, innovation, and regional solutions.

For example, in India, while our assistance dollars have been steady, the total value of U.S. development programs have doubled, because we are leveraging the private sector and international donors to move forward and make progress on a lot of the very important human development and health outcomes that we want to have there.

Second, we are building pathways out of poverty through integrated approaches with the three Presidential initiatives on global health, Feed the Future, and climate change.

And, third, we are promoting democratic governance and empowering reformers, because we know that the best chance of promoting democratic change is to empower the reformers to change their country.

In Bangladesh, USAID has helped the country make enormous progress in recent years. They have been able to cut their poverty

rate in half. They have reduced deaths of mothers and children by more than two-thirds. They have improved the management of 2½ million acres of forest and wetland, home of the endangered Bengal tiger, and we have helped introduce new rice varieties that can withstand flooding and high salt levels. And as a result, Bangladesh now does not have to rely heavily on rice imports. Despite this progress and the tradition of tolerance in Bangladesh, rising violent extremism is a threat to the country's development.

USAID supports those who represent a democratic pluralist society in Bangladesh, such as civil society and journalists. USAID also works to address a weak judicial system by strengthening the ability of the institution to uphold the rule of law, and bring perpetrators of violent extremism to justice. We will continue to analyze, update, and implement our strategies to best help the reformers increase and maintain the right of the Bangladeshi people to freely express themselves through their religion or their political views.

In India, successfully addressing health challenges means success on a global scale. Accordingly, the bulk of the budget requests for India will go toward maintaining momentum on goals related to child and maternal survival, HIV/AIDS, TB, clean drinking water, and sanitation solutions. Addressing gender inequality is a crosscutting focus of our USAID initiatives in India. We are helping to implement a safe cities partnership that focuses on increasing safety for women in public transportation, schools, streets, and connects women with advocacy and support services.

When the earthquake struck last year in Nepal, our 20-year investment in disaster risk reduction proved critical to Nepal's ability to respond. From more than 1,000 USAID-trained first responders who conducted search-and-rescue missions saving lives, to a major hospital that continued treating patients uninterrupted, due to the preparedness plan we helped them establish, the U.S. Government mobilized 130 million to respond to the immediate post earthquake needs, including construction of temporary schools, emergency nutrition and food, and expanding our countertrafficking in persons work to earthquake-affected districts.

Many obstacles lie ahead. Reconstruction from the earthquake is likely to take many years with total economic losses estimated at \$7 billion.

U.S. support for the international effort to help Nepal's recovery is critical to helping maintain development progress. In 2015, Sri Lankans went to the poles to support a sweeping democratic reform agenda. Seizing on this democratic breakthrough, USAID is helping Sri Lanka strengthen democratic institutions through the Parliament, judiciary, and auditor general, as well as support for civil rights and human rights.

In addition, we are providing economic help for the poorest and most vulnerable Sri Lankans, especially in former conflict zones with resettlement and economically lagging regions.

Mr. Chairman, alongside diplomacy and defense, development plays an indispensable role in advancing our security and prosperity. We must address both immediate crises, and the root causes of poverty, conflict, and instability. This is the heart of our work in the South Asia region.

I appreciate the opportunity to testify, and I welcome any questions.

[The prepared statement of Mr. Stivers follows:]

**Statement of Jonathan Stivers**  
**Assistant Administrator, Bureau for Asia**  
**United States Agency for International Development**  
Before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific  
*FY 2017 Budget Priorities for South Asia: Recovery, Development and Engagement*  
Wednesday, May 11, 2016; 2:00 PM

Chairman Salmon, Ranking Member Sherman and Distinguished Members of the Subcommittee:

Thank you for the invitation to testify on the role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy goals in South Asia. It is always an honor to testify before this committee. I am also pleased to be testifying alongside my friend and colleague from the U.S. Department of State, Assistant Secretary Nisha Biswal.

Before I begin, I would like to extend my deepest condolences to the loved ones and colleagues of Xulhaz Mannan, a member of our USAID family in Bangladesh who was brutally murdered late last month in his home. A tireless champion of human rights and diversity, including LGBTI issues, Xulhaz embodied the very best of USAID, and of humanity. His tragic loss is a reminder to all of us of the deep commitment and sacrifice made by USAID staff and all those fighting for a better world. The United States continues to urge the Bangladeshi authorities to fully investigate this violent attack and bring the perpetrators to justice.

President Obama's fiscal year (FY) 2017 budget request of \$440.7 million for South Asia reflects our sustained commitment to this vitally important region.

While the region has achieved much success in terms of development — indeed, South Asia has seen real GDP growth at twice the global average — significant challenges remain. The region is home to roughly one-third of the world's population suffering from extreme poverty, both the highest rates and largest numbers of undernourished children in the world, and is extremely prone to natural disasters — as we saw in April 2015 in Nepal.

In more than 100 countries, U.S. development initiatives play a vital role in expanding stable, free societies that provide lasting alternatives to destabilizing forces, while also creating markets and trade partners for the U.S. and fostering goodwill abroad — all with less than 1 percent of the total federal budget. At USAID, our mission statement guides us: We partner to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. In South Asia, we are working through three primary approaches to implement this mission:

First, USAID is pioneering a new model of development to fight extreme poverty that focuses on maximizing our impact and our funding through public-private partnerships, science, innovation and regional solutions. In India, while the amount of our assistance dollars has held steady for the past four fiscal years, the total value of U.S. development programs has doubled by leveraging funding at every opportunity. Our \$80 million investment since FY 2012 in 35 public-private partnerships is leveraging over \$338 million to advance shared goals in food security, health, clean energy, education, and water and sanitation.

Second, we are building pathways out of poverty through **three priority initiatives**: Global Health, Feed the Future and Global Climate Change. In regions like South Asia, challenges in health, food security and climate change are increasingly interrelated, demanding an integrated approach. That is why through Feed the Future, for example, we not only target improvements in agricultural productivity, but we also look for ways to increase household nutrition and income while building resilience to the impacts of a changing climate.

And third, we are promoting **democratic governance** and **empowering reformers** to help build resilient institutions that are transparent and accountable to their people. We know that government by the people offers the best chance for individual freedom and prosperity. Solutions to South Asia's challenges must ultimately come from the people of the region. Our best chance in promoting democratic change is to empower the reformers by helping them build resilient institutions that are transparent and accountable. Our sustained support for civil society is especially vital in light of broader regional threats — such as violent extremism — that confront young men and women in South Asia.

Next, I would like to provide brief overviews of our largest bilateral programs in the region:

#### **Bangladesh**

Bangladesh is the world's eighth most populous country and the world's third largest Muslim-majority country. With nearly 40 percent of the population living in extreme poverty, the country faces immense development challenges and today finds itself at a crossroads in its democratic evolution.

The recent brutal murder of one of USAID's own local staff highlights the dangers of rising violent extremism in Bangladesh. We must also examine how political gridlock and increased access to social media are feeding radical narratives in the country and how we can help counter the drivers of violent extremism through support for civil society, human rights and anti-corruption initiatives.

Despite the challenges, USAID has helped Bangladesh achieve significant development successes including:

- Cutting its national poverty rate in half in the last 15 years;
- Reducing deaths of mothers and children under 5 by more than two-thirds in the last 25 years, thereby achieving early its Millennium Development Goals; and
- Helping to improve the management of almost 2.5 million acres of forest and wetlands across the country, including the Sundarbans mangrove forests representing nearly half of Bangladesh's remaining forests and home to the largest remaining population of the endangered Bengal tiger.

Bangladesh faces immense challenges in agricultural production as a low-lying, coastal country continually battered by cyclones — with close to one-third of land flooded during a normal year. Through Feed the Future, USAID has helped farmers on the front lines successfully adapt to these harsh climactic conditions through the use of technology and new rice varieties that can

withstand flooding and high salt levels in water. As a result, Bangladesh does not have to rely heavily on rice imports, and is now exporting rice to Sri Lanka among other places.

Despite this progress, Bangladesh remains food deficient with diets lacking in diversity, resulting in roughly one in three children under age 5 being stunted. Feed the Future helps increase production and consumption of foods that complement the nutritional value of rice, including fruit, vegetables, fish, shrimp and legumes — while also boosting household incomes. For example, USAID supported the development of a new eggplant variety that resists a common insect pest, enabling farmers to increase yields while dramatically reducing pesticide use. In just four years, we have seen a nearly 16 percent reduction in poverty and a 14 percent decline in under-5 stunting in the areas where Feed the Future works.

In the health sector, despite the successes in reducing maternal and child mortality, 60 percent of child deaths still occur during the first month of life. We have contributed to a more than doubling of the availability of nutrition services in Bangladesh. We also introduced Asia's first nationwide maternal and child health cell phone messaging service in Bangladesh, which is allowing us to reach more than 1.5 million subscribers with crucial health information about vaccinations and proper nutrition.

A dense population has put such extreme pressure on natural resources that Bangladesh now has one of the lowest percentages of forest cover worldwide. USAID helps Bangladesh conserve its biodiversity by helping people who live in or near forests and wetlands rely less on exploiting those natural resources. And to help Bangladesh better protect lives and livelihoods from more destructive and erratic flooding, USAID and NASA have helped Bangladesh *double* the lead time on its flood warnings. As a result, in 2014, the government issued a flood warning earlier than previously based on the system's prediction. In this case, 17 lives were lost, compared with thousands of lives lost in prior floods of similar severity.

Despite a difficult political situation, USAID is helping the government develop and implement legislation to reduce domestic violence and early and forced marriage, expand access to legal aid, stem human trafficking, and promote human rights. Three years following the Rana Plaza tragedy, USAID remains committed to supporting improved working conditions. We launched a three-year program to provide advocacy skills training to trade union members — with a particular focus on women, who comprise an overwhelming majority of garment workers. This program seeks to build on the success of USAID's Global Labor Program, which has helped register over 300 trade unions since 2013.

### **India**

India is the world's largest democracy and seventh largest economy. Yet, India is still home to roughly one-quarter of the global population suffering from extreme poverty. Moreover, its rapidly growing population is projected to make India the world's most populous country in a matter of years. It is this dichotomy that makes India a story of great success, but also a country with formidable development challenges. In response, USAID has reoriented our assistance from the traditional donor-recipient model to a peer-to-peer, strategic partnership that leverages India's growing human and financial resources to tackle development challenges together, both in India and globally. For example:

- Through our Urban Water, Sanitation and Health (WASH) Alliance, we are leveraging double our initial investment from the Indian private sector to improve access to clean water and sanitation in India's five largest urban centers.
- Through the President's Emergency Plan for AIDS Relief (PEPFAR) and technical collaboration to strengthen health systems and delivery at the national, state and local levels, the Government of India can now fund over three-quarters of its HIV/AIDS prevention and treatment efforts, greatly reducing its reliance on USAID, PEPFAR and other donor support.
- The U.S. and India have partnered together to support the development of 100 promising interventions from health to energy and food security. India's technological and process innovations in the dairy sector, which USAID helped transfer to Kenya, have increased milk production by more than 50 percent in the pilot areas. Over the coming year, we plan to reach more than 90,000 farmers outside India — in countries including Nepal, Kenya and Malawi — with proven Indian innovations to help them improve agricultural productivity.

Successfully addressing India's health challenges has global benefits. India is home to 25 percent of the world's tuberculosis (TB) cases, and roughly 20 percent of global maternal and child mortality cases. More than 40 percent of Indian children under 5 are underweight — one-third of the global total. Accordingly, the bulk of the budget request for India will go toward maintaining momentum on shared child and maternal survival goals and key HIV/AIDS, TB and other infectious disease reduction targets. We also continue our partnership efforts to provide sustainable clean drinking water and sanitation solutions in India's cities.

Already the world's third largest emitter of greenhouse gases, India faces the challenge of improving the reliability, accessibility and affordability of energy supplies to meet unprecedented industry and household demand. Roughly one-quarter of the population — or 300 million people — is not connected to the electrical grid. Through the Global Climate Change Initiative, USAID is supporting the Government of India in implementing its National Action Plan on Climate Change, which aims to reduce the carbon intensity of the Indian economy by at least 30 percent by 2030. We are targeting regulatory, market and operational barriers to integrating power from variable renewable energy sources into India's grid. And we are launching a new "Greening the Grid" activity to help India ready its grid to handle a rapidly increasing supply of energy from renewable sources and provide power to millions more people.

Addressing gender inequity is a crosscutting focus of all USAID initiatives in India. In partnership with UN Women and the governments of India and Japan, we are implementing a "Safe Cities" partnership that focuses on increasing safety for women in public transportation, schools, streets and on sidewalks, and connects women with advocacy and support services. Our support is making a difference in lives such as Shameem's, whose real name I won't use to protect her identity. Shameem was abused by her husband and mother-in-law. One day, she escaped and met a community leader who connected her to a mobile phone application supported by USAID, which she used to learn about the support services available to her and build up the confidence to seek help from the police. Today, Shameem lives separately from her husband, free from domestic abuse, and is earning enough income to support herself and her son.



Finally, with strong bipartisan support in Congress, we are supporting the promotion and preservation of Tibetan culture and the resilience of Tibetan communities in India and Nepal, including health programs for Tibetan refugees.

#### **Nepal**

Nepal is one of the world's poorest countries and continues to cope with the effects of a decade-long insurgency that ended in 2006. Since the end of the conflict, USAID has helped Nepal:

- Cut its extreme poverty rate in half from 53 percent to 25 percent from 2003 to 2011;
- Meet its Millennium Development Goals by drastically reducing child mortality, improving maternal health and increasing universal primary education; and
- Conduct two credible elections with high voter turnout due to our voter registration support.

Yet significant challenges remain that threaten Nepal's stability, including stagnant economic growth, acute food shortages and severe natural resource degradation. These challenges have been compounded by the devastating 7.8 magnitude earthquake on April 25, 2015 that killed nearly 9,000 people and impacted 3.5 million. The FY 2017 budget request enables us to continue addressing these issues and vital ongoing recovery efforts.

USAID's work in Nepal focuses on health, food security and climate change to reduce poverty and build resilience to recurrent shocks like natural disasters. The Agency focuses on key cross-cutting issues, such as gender equality, and on improving the Government of Nepal's ability to effectively and accountably deliver public services. Reconstruction from the earthquake is likely to take many years, with total economic losses and damages estimated at \$7 billion. U.S. support for Nepal's earthquake recovery is critical to helping the country maintain its development progress.

When the earthquake struck, our 20-year investment in disaster risk reduction proved critical to Nepal's ability to respond — from the more than 1,000 USAID-trained first responders who conducted search and rescue missions, to a major hospital that continued treating patients uninterrupted due to a preparedness plan we had helped establish. In addition, the U.S. Government mobilized \$130 million to respond to immediate post-earthquake needs, re-program existing projects into the earthquake-affected districts and launch new projects to support long-term recovery. As part of the recovery effort, USAID has:

- Supported the training of more than 900 masons and engineers on safer building design;
- Funded the construction of 1,000 temporary learning centers to keep children in school;
- Supported more than 33,000 of the hardest-hit households with grain storage, tools and training to restart farm operations;
- Opened a second Feed the Future zone of influence in five earthquake-affected districts and immediately expanded emergency nutrition activities;
- Expanded our counter trafficking in persons operations to six additional earthquake-affected districts associated with an increased risk for gender-based violence, unsafe migration and human trafficking; and

- Helped jumpstart the agriculture sector, rebuild livelihoods, get children back in school, train homebuilders in earthquake-resistant methods, prevent disease outbreaks and maintain healthy communities.

During the immediate aftermath of the earthquake, USAID initiatives (such as our highly successful integrated nutrition program) proved vital to the survival and well-being of households like Hira Bharati's. When the earthquake struck, Hira lost her house, her husband's grandfather and eight goats. Help did not arrive for months to her remote village. But thanks to training she had received from USAID in vegetable gardening — which before the earthquake had been a source of additional income for her family — she was able to feed her family and supply high-nutrient vegetables like sweet potatoes to more than 150 nearby mothers.

In Nepal, nearly half of all children under 5 years of age are nutritionally stunted. Through our comprehensive nutrition program, USAID has helped to increase the percentage of children receiving a nutritious diet in target areas by 64 percent while also helping families earn an additional \$3,500 a year on average by selling excess vegetables and poultry.

Despite the earthquake, Nepal managed to enact a new constitution in 2015 that deepens democratic processes and paved the way for the appointment of Nepal's first female president and speaker of the house. Nepal also achieved zero poaching of rhinos, tigers and elephants over the past two years, in part due to the vigilant patrolling of hundreds of community-based anti-poaching units supported by USAID.

#### **Sri Lanka**

The January 2015 presidential elections ushered in a new chapter in Sri Lanka's history and offers an opportunity for a stronger partnership between our two nations. Sri Lankans went again to the polls in August 2015 to support a sweeping reform agenda that seeks to limit executive power, ensure greater freedom of expression, address corruption and begin the process of reconciliation and transitional justice after years of conflict.

Seizing the opportunity presented by this democratic breakthrough, USAID is expanding its support for the government and people of Sri Lanka to help achieve advancements in human rights, economic equality and stability that were inconceivable just over one year ago. Our support helps advance Sri Lanka's reform, accountability and reconciliation agenda. We have:

- Begun helping to strengthen the effectiveness and oversight capabilities of the new Parliament through technical assistance and training of professional staff and committees;
- Provided job skills to more than 50,000 vulnerable Sri Lankans affected by conflict and natural disasters; and
- Provided legal aid or victim's assistance to over 31,000 individuals from low income or marginalized communities across the island.

On democracy and governance, this is a new era for democratic institutions. Prominent among them is the Parliament, which is poised to play a greater role in policymaking and government oversight.

USAID also supports other key democratic institutions including the judiciary, the Election Commission and the Auditor General. This assistance supports strengthening the rule of law and access to justice consistent with Sri Lanka's international human rights obligations, supports the continuation of credible elections, and helps take on corruption by improving transparency of public financial management systems. Further, the government has expanded space for civil society to participate in issues of accountability, rule of law, human rights and reconciliation — and we continue supporting local organizations to serve an important role in bolstering democracy and conflict resolution.

Despite progress on economic growth, significant disparities in income and access to basic services persist across the country. After the resettlement of more than 300,000 people displaced during the final stages of the 26-year conflict, which ended in 2009, progress is now hindered by post-conflict issues, including gender-based violence and hardships affecting youth, war widows, ex-combatants, persons with disabilities and female heads of households. USAID focuses on former conflict zones and economically lagging regions of Sri Lanka, especially the North and the East, through catalyzing private sector investment and improving livelihoods in the agriculture, dairy and poultry sectors; promoting healthy food options; and linking local producers to markets.

#### **Maldives**

Finally, in Maldives, USAID continues providing assistance to mitigate the negative impacts of global climate change, including creating a sustainable fresh water supply through the use of desalination plants, and strengthening the sustainable management of coastal resources — particularly coral reefs — which protect lives and sustain livelihoods.

#### **Conclusion**

Mr. Chairman, in an interconnected world, we are all safer and stronger at home when fewer people face destitution abroad, when our trading partners are flourishing, when nations around the world can withstand crises, and when societies are freer, more democratic and more inclusive. Alongside diplomacy and defense, development plays an indispensable role in advancing our security and prosperity. While we must focus on solving immediate crises, it is essential that we also address the *root causes* of poverty, conflict and instability — so that we can build a sustainable path of progress that shapes a better future for humanity. This is at the heart of our work in the South Asia region.

I appreciate the opportunity to share with you what USAID is doing in South Asia and look forward to hearing your advice and counsel. I welcome any questions you may have.

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Mr. SALMON. Thank you. I will ask the first question.

While the U.S.-India policy has been a pretty healthy one, and our security relations have improved dramatically over the last 15 years, I don't believe that our economic relationship has quite kept pace. U.S.-India economic ties and experts encouraged both supporting India's membership in APEC, and concluding a bilateral investment treaty in a recent hearing that I chaired about India and the U.S. economic ties, there is strong support here in the Congress for India's entry into APEC. And I have introduced a bill to that end, and Senator Cornyn released a companion bill just within the last week or so.

The administration has maintained that it welcomes India's interest in APEC. Where do we stand on negotiations for a bilateral investment treaty? And what else are we doing, from the administration's perspective, to improve economic ties?

Ms. BISWAL. Thank you, Mr. Chairman. Let me first thank you and commend and welcome the leadership that you and many of your colleagues have shown on the U.S.-India relationship and the ambition that you have injected into that partnership in terms of where you would like to see it go. I think that that has been an important voice, and it has been much noted and appreciated.

I do think that as you noted, that the President has welcomed India's interest in APEC. I think that the size of the Indian economy makes it one that we want to engage with, and engage with in an ambitious but constructive way.

There are a multiplicity of views with respect to India's entry into APEC. And largely, the conversation is around better understanding India's desire for membership in APEC, and India's approach and philosophy as it comes into a largely economically focused body on important issues of open free and fair trade. And I think that those are conversations that are ongoing in the administration with the administration and the Government of India, and I think that those conversations will help chart the path for how to move forward on India's interests. India's interests is one that I think we welcome strongly, and I certainly heard that not only from our President, but from across all levels of our Government.

With respect to the bilateral investment treaty, we have long maintained that a high standard bilateral investment treaty between our two countries would greatly advance and facilitate additional American investment into India and would create a level playing field for American companies and for American investment so that there are the necessary safeguards and protections for that investment, and I think that that will go a great deal toward enhancing confidence in—amongst investors in India's economy and will facilitate greater investment flows.

We are already starting to see that U.S. investment is starting to flow toward India, and, in fact, India became—surpassed China as the largest destination for some segments of American investment, and we are likely to see that trend continue.

We are in the midst of discussions on the bilateral investment treaty to ensure that there is a firm commitment on both sides to be able to address some of the areas of discrepancy between India's model BIT and what we see as a high standard investment treaty,

and we are hopeful and confident that those discussions can lead to the formal launching of negotiations.

Mr. SALMON. So we are just really in the position right now of starting the dance. You know, I know there are serious issues. You know, I mentioned in my opening remarks concerns about allowing us to sell on the Internet to individuals. Amazon has had some real issues in India, and I would like to get those resolved. I know we have had some agricultural issues that, you know, have been stumbling blocks in the past. And I also know that—and I don't know whether this completely applies to bilateral investment treaty, but a lot of our U.S. investors and companies that do business in India are really concerned about the length of time that contract dispute resolution gets done, gets handled.

The average time in court is about 4 years, and that is just not acceptable. I know they are trying to move toward arbitration, but I don't want to belabor that. But I know that there are several issues. We are very interested in moving forward. I think there is a lot of support in Congress. I know that there are issues. But, you know, while doing it thoroughly and effectively, I would like to also add expeditiously to the list, because I think it is incredibly important that we further that relationship.

And the last issue I would like to just bring up is, again, India. When we had the full hearing a couple of weeks ago, I was a very loud voice about the potential sale of F-16s to Pakistan. India has objected mightily to this, because there is a big fear that—or concern that they might use those F-16s against India. And it looks as though that sale is kind of in limbo right now.

Could you kind of clarify to me where that might be, or what your thoughts are on that?

Ms. BISWAL. Thank you, Mr. Chairman.

First of all, let me start off by saying we have a very important relationship between the United States and India. And we also have a very important relationship between the United States and Pakistan. Each relationship stands on its own merits, and is in furtherance of our goals and interests with both countries, and we don't see them in any way as being zero sum.

The F-16 platform is one that we have felt has been used successfully in combating terrorism, and that has been the basis on which the administration put forward the notification to provide an additional eight F-16s. However, we understand the very serious concerns that have been raised by Congress, and those concerns are right now being taken into consideration. And, so, I don't have an update for you on—with respect to that notification and where it goes, but I will say that we have recognized the concerns that Congress has raised with us.

Mr. SALMON. In fact, I am just going to say one last thing and then hand it over to Mr. Sherman, but I do believe that the administration has listened to what Congress said. I believe you are trying to be responsive, and I want to compliment you for that. Because this was across the aisle. This wasn't just Republicans or Democrats. This was across the aisle. A lot of concern that was expressed, and to its credit, the administration, I believe, is taking those things into account, and I want to thank you for that. And I will yield my time to Mr. Sherman.

Mr. SHERMAN. Thank you. I know the staff loves the chairman very—oh, good. They did start my time over. I thought they were going to charge my time for the fact that the chairman had extra good things to say.

People outside of Washington look at Washington and say, they come up with every weird argument to help Wall Street and to help corporate America. When you go over to the Ways and Means Committee, we are told that we should forgo tax revenue, because we need to create capital, because capital helps the American worker. So we have a capital gains allowance. We have a—I used to be able to name 100 things we do to increase the amount of capital available for investment in the United States.

Then you, you know, you walk on over here from Longworth and you come over to this room, and we are told it is just a wonderful thing if this capital that we have accumulated can be deployed to India. And what we need is to have taxpayer-paid officials negotiate a great BIT agreement so that American companies will feel good about taking this capital, which the Ways and Means Committee helped them create, and invest it abroad in India and elsewhere.

Is there an analysis that shows whether a quality BIT agreement will increase jobs in the United States? Is there—and is there one that is not paid for by Wall Street?

Ms. BISWAL. Thank you, Mr. Sherman.

Mr. Congressman, let me just say, first and foremost, that we are in support of an increase and enhancement in two-way trade between the United States and India, one that seeks to grow investment of U.S. companies in India, but equally of Indian companies in the United States. And a high standard bilateral investment treaty is not about, necessarily, whether this will facilitate the outsourcing of jobs. It is about actually creating the level playing field that ensures that U.S. investors are getting the same protections and fair and equitable treatment as investors from Japan, from South Korea, and over 50 other countries that already have investment treaties with India and enjoy those kinds of protections.

But I take your point with respect to ensuring that the—that the trade and investment with the—between the United States and India is one that accrues benefits in both directions. And to that effect, I would note that according to the U.S.-India business council, Indian companies have invested more than \$11 billion in the United States over the past decade, and we probably can attribute close to 100,000 U.S. jobs in all 50 States to—

Mr. SHERMAN. But if I could interrupt. I don't think we need a BIT to encourage Indian investment in the United States. I haven't heard too many Indian companies saying they won't invest here unless we do a BIT, that they feel that they are being discriminated against as opposed to Japanese or British investors. We welcome the Indian investment here. It is a small portion of American investment there, and a BIT will encourage more American investment there.

And let me shift to another aspect of this. One of the things we export is planes. I know that the French and German Foreign Ministers are working every day to sell an Airbus. What have you and

the diplomats who report to you done to get them to buy American planes—

Ms. BISWAL. Thank you, Mr. Sherman—

Mr. SHERMAN [continuing]. Other than ask them not—to ignore the silliness in Washington where we almost eliminate the Ex-Im Bank. Hopefully, you hypnotized them into ignoring the craziness here.

Ms. BISWAL. Congressman, we do do a great deal of commercial advocacy on behalf of American companies to ensure that U.S. companies are—

Mr. SHERMAN. I will need to interrupt you. This is kind of a test. I know the standard talking points that you are in favor of commercial advocacy. I am kind of testing whether that is for real, because I had a different Assistant Secretary come here and say they agreed on commercial advocacy and testified as to how he had helped promote German-made cars without knowing it.

So that is why I asked a very specific question about planes to see whether you could point to real specifics or whether it was just the talking points that we believe in commercial.

Ms. BISWAL. So we have seen a dramatic increase in defense sales to India—

Mr. SHERMAN. I'm sorry. Civilian planes. This is a question about civilian planes.

Ms. BISWAL. On the civilian planes, I will have to get back to you—

Mr. SHERMAN. Okay.

Ms. BISWAL [continuing]. On a response on that. But I know we have seen some major defense and transportation infrastructure projects where American companies have one, including GE, locomotive, including a number of defense contracts with Lockheed, with Raytheon, with Boeing and so on.

Mr. SHERMAN. I know the defense business is there, and you will get back to me on the commercial side.

I brought up, in my opening statement, the civil nuclear industry. Obviously, BHOPAL did not cast America in a good light. We saw the Deputy Secretary's meeting with the Foreign Secretary on this issue. How close are we to being able to put American nuclear companies on the same liability level as others?

Ms. BISWAL. Congressman, I would say that one of the areas where we have been able to have significant breakthroughs is on the civil nuclear cooperation. We have seen, in the past year and a half, significant progress with respect to India's establishment that its liabilities laws are compliant with the international convention on supplementary compensation. India has now ratified, and is now a member of the international convention on supplementary compensation. India has established an insurance pool that—that, again—

Mr. SHERMAN. Has the U.S. nuclear industry said, yes, that is enough, or do they still regard it as not enough to allow—

Ms. BISWAL. I think each individual company, at this point, has to make its own commercial decision in terms of risk and in terms of opportunity, and I think we are starting to see companies making those decisions individually. Some are further along down that road than others, but it is largely, at this point, a commercial deci-

sion. And we stand ready, through the U.S. Government, through our financing bodies, like the Ex-Im Bank, to support that.

Mr. SHERMAN. So you are saying the Indian law fully matches the protocol on liability?

Ms. BISWAL. That is correct. We do believe now that they have a test that they meet those.

Mr. SHERMAN. I have gone over time. Thank you.

Mr. SALMON. Okay. I would like to yield to Mr. Perry.

Mr. PERRY. Thanks, Mr. Chairman. Ladies and gentlemen, thanks for being here. I am not sure who can, or would be willing to answer the question, but I am hoping one of you can. So the 2017 budget request for Nepal includes an over 300-percent increase in OCO, or overseas contingency operations funding, and a nearly 50-percent decrease in the base. Now, while the OCO request includes some continued earthquake assistance, it also includes a significant amount of funding for seemingly normal programs, like elementary reading education.

Can either one of you elaborate on the justification for shifting so much to the OCO account for Nepal?

Mr. STIVERS. Thank you, Congressman, for that question.

The earthquake that hit Nepal last year devastated the entire country, either directly or indirectly. There are reverberations from that massive earthquake that caused more damage than the earthquake in Haiti in terms of housing, schools, and overall damage. And much of the budget will support this longer-term recovery. Again, it is all interconnected.

You pointed out primary education, but realize, over 8,200 schools were destroyed during the earthquake, and I think that with reconstruction, certainly in a lot of the other development we do, it is hard to draw the line between what is earthquake and what isn't in terms of how we move forward on development. And so we believe that all of our efforts did meet the definition of OCO in terms of responding to a natural disaster in that country.

Mr. PERRY. So is the OCO ever present, or is it only present in times where—I mean, is that account ever present and just sitting there waiting for something to happen for country after country, including Nepal? Or how does that work?

Mr. STIVERS. I can't speak to the bigger budget issues, except for just to say that Nepal certainly, in terms of the earthquake response, we believe does fit under the definition of what OCO should be used for.

Mr. PERRY. Okay. So I guess, then, the next question would be how long are you projecting the OCO account to be necessary? Is this going to be forever? You know, I understand we are trying to figure out what the base should be, and I understand that there is the circumstance that was maybe unexpected, and is an emergency situation, which warrants the OCO, but at what point do—is there a plan? What is the plan to get back to the base, so the American people can see that we are spending this much of their tax dollars in Nepal?

Mr. STIVERS. We think it makes sense for Fiscal Year 2017 for Nepal to be an OCO country. The decisions on whether in Fiscal Year 2018 it would meet that definition, I think, depends on a lot of circumstances, and we certainly need to consult with Congress



on that issue, and at the time the Fiscal Year 2018 budget is submitted. So I think it has to be determined at that time.

Mr. PERRY. So there, essentially, is—like, you can't say that in 2017, under this OCO budget, this is what we plan to have completed, and which will require a continuation of OCO in 2018, or will be substantially completed in 2017 and then go back to the base? I mean, shouldn't we kind of have some idea now of where we are going to stand at the end of the year, or do we just have an expectation we are going to spend all this OCO money and then at the end of the year, we will take a look around and see what we got, and see if we need more?

Mr. STIVERS. I think we have to evaluate Fiscal Year 2018 at the appropriate time. I think we can evaluate Fiscal Year 2017. I think over this next year, we can see how much progress has been made there. It has been very slow progress in Nepal in terms of earthquake recovery. And I think that is a decision we have to make, you know, in consultation with Congress.

Mr. PERRY. I hear what you are saying. To me, if I know—yeah, just take—you have an accident with your car and your insurance company, and the adjuster looks at it and says, Here is the damage. You didn't expect this, it is an emergency situation, and you need the vehicle. It is going to cost \$3,000 to fix it, right? And so we set up an OCO fund, which is your insurance company that pays \$3,000 to fix the car. You take the deductible out. We know what we are going to get to, right? We know it is going to cost this much and then we are done. But what you are saying is that this thing happened. We have got an open-ended budget as far as the OCO will go, and we will look at the end to see what we got, then we have—in other words, there is no plan; there is no estimate. There is no evaluation of when this—how far this is going to go, I mean, until we get to the end? We don't have an idea?

Ms. BISWAL. Congressman, I understand the gist of your question. I think the reason why you are not getting the clarity in the answer that you want is because we haven't yet determined, in the Fiscal Year 2017 funds, how much out of OCO we will be able to put toward Nepal, because of all of the other contingencies and exigencies that are also right now under discussion.

When we have a clarity of how much of the Nepal recovery and reconstruction we will be able to accomplish this year, we will be able to make a determination if in Fiscal Year 2018, we will need to pursue that or not. But it is a very finite and limited use of OCO for—for, essentially, this earthquake recovery and reconstruction. And we hope to be able to have clarity for you as we get a better determination of how much we will be able to do out of the 2017 funds that Congress provided if we are going to need to pursue any additional in the outyear.

Mr. PERRY. With the chairman's indulgence, let me ask this one last question. So with the request being a 300-percent increase in overseas contingency—the OCO fund, a 300-percent increase and a 50-percent decrease in the base, based on that, if you get that, you must—you must be planning for something with that money. You must have come up with some estimate to arrive at the 300-percent increase and the 50-percent reduction in the base. Would you be

done with the work if it goes as prescribed as expected at the end of the year or not?

Ms. BISWAL. I would—I am sorry. And I misspoke, it is the Fiscal Year 2016 appropriation, which is right now with us, where we are trying to make a determination. So the combination of what we are able to realize in 2016 with what we have requested in 2017 will, I think, determine whether, if we need to pursue anything else in 2018 or not. And we hope to be able to give you some clarity on that. Those are conversations that we are very much in the midst of right now in the administration looking at some of the other contingencies that we are trying to address, and these are also conversations that we are very much having with the appropriators to also understand their priorities, Congress' priorities, with respect to the use of OCO.

Mr. PERRY. All right. One last comment before I yield. I would say, to me, from my standpoint, if I am one of the appropriators, and you have got a 300-percent increase request and a 50-percent deduction in the base request, ostensibly to go toward the OCO, I am less inclined to be interested to provide that, unless I know there is a plan, right, to spend last year's money and this current request to get to somewhere where I know I am going to be. And what I didn't hear—what I didn't hear was that there isn't any plan. We are going to spend the money, and then we will let you know if we need more at the end.

With all due respect, I think that is one of the things that frustrates the American taxpayer is these programs go on forever and ever and ever. And we are paying you folks to make evaluations, determinations, make estimates and put the money—put the money toward those things to finalize a completion.

And I don't know that—if we just do this, we are ever going to be complete, because I am sure Nepal is always going to need more money.

With that I will yield. Thanks, Mr. Chairman.

Mr. SALMON. Thank you, gentlemen.

Ms. Gabbard.

Ms. GABBARD. Thank you, Mr. Chairman.

Ms. Biswal, in your opening remarks you mentioned the Maldivia, and I know you ran out of time, so I would like to ask you to speak a little bit more about the Maldives, and specifically, the percentage of their small population who are foreign fighters who are traveling to Syria.

Can you talk about how the United States is working with the Maldives to counter this strikingly high number of foreign fighters that they have from the Maldives?

Ms. BISWAL. Thank you very much, Congresswoman.

We have multiple sets of issues that we are concerned about in our tracking with respect to the Maldives. Certainly, the fact that there is such a high per capita ratio of foreign fighters being recruited out of the Maldives is a mounting concern. The fact that the governance environment continues to deteriorate, that there continue to be politically motivated arrests and trials, and that the democratic space has been consistently deteriorating has, we think, contributed to a greater—creating a more fertile field for recruitment of extremist organizations.

And we have maintained over the years, and continue to maintain programs that are targeting combating terrorism and engaging with civilian and security forces on specific concerns with respect to trafficking of narcotics, of persons, and of financing that can make its way toward terrorist organizations at the same time that we are working both in our bilateral engagement, and with our regional and commonwealth partners to try to address the governance environment to see if we can't bring enough pressure and partnership to bear on trying to address some of the grave concerns with respect to the governance challenges.

Now, I will confess that there is rising frustration in civil society, in the human rights community, and in the international community about the lack of progress from the Government of the Maldives, and I do recognize that there have been increasing calls for stronger actions with that regard, including actions, many of who have been calling for sanctions, or travel bans, or visa bans, to try to exert more pressure in that direction.

Ms. GABBARD. Thank you. Shifting over to Bangladesh, Mr. Stivers, you remembered thoughtfully, the USAID worker and human rights activist who was slaughtered most recently. On Sunday, the New York Times editorial board wrote about how Bangladesh has descended into lawlessness. I introduced a resolution last year calling on the Government of Bangladesh to protect the rights of religious minorities in the country, including Christians, secularists, atheists, Hindus, Buddhists, et cetera.

Can you speak to what is your sense of the situation, and the government's response? What more should they be doing than they are already specifically?

Mr. STIVERS. Thank you, Congresswoman.

Over the last few years, the domestic and global situations have combined to contribute to increasing radicalization. I think domestically in Bangladesh, increased political violence and polarization of political parties are key contributors, and there is a lack of political space and free expression that are real challenges for the government in Bangladesh.

I will defer to Nisha to talk about her discussions with the government there. We know the targets include writers, activists, intellectuals, and certainly religious minorities. Thank you for your being such a champion on this issue, because you have identified this issue long before some of these attacks happened.

And I think our development programs at USAID can help mitigate some of the underlying drivers of violent extremism, certainly our support for civil society, human rights, voices of tolerance, journalists can help push back on some of the closing space in Bangladesh.

We work with the judiciary, and I know DOJ and the Bangladesh police support each other on community policing efforts. And so our work in this sphere to promote free expression, to promote those reformers who are pushing for more free expression and democracy and better governance in Bangladesh, those are the folks that we support at USAID. And Xulhaz Mannan was really a hero in pushing on those exact things.

Ms. BISWAL. If I may add to what John has said. This is, obviously, an area of mounting concern for us and was the focus of our

meetings and conversations with the government we met with not only foreign ministry, but home ministry and law enforcement officials, and we met with the Prime Minister to discuss what we could do in terms of both providing support and partnership, and strengthening the capacity and the ability of the government of law enforcement to, one, protect vulnerable communities and prevent acts of terror; but then, two, to investigate and hold people accountable when there is violence. And this is incredibly important that there be a very focused effort to fully investigate and bring people to justice when there are attacks of this nature, and how we can be supportive in that context.

We also talked about the need for us to work with civil society organizations to ensure that they also have access to tools and training and information with respect to their own security. And so there is an effort underway right now from the United States to see what more we can bring to bear in terms of tools, technology, and resources. We have got a team heading out this week with my Deputy Ambassador, Bill Todd, who formally served as the Assistant Secretary in INL, but he is going along with a team from the counterterrorism bureau, from the CSO office, and others. And quite frankly, we expect that we will be engaging in a fairly intensive effort in the weeks and months to come to see how we can further strengthen efforts to secure vulnerable populations, and to turn the tide on extremism and terrorism in Bangladesh.

Mr. GABBARD. Thank you, Ms. Biswal. I am over my time, but in closing, in all of your remarks, you talked about the tools that the U.S. is trying to provide to support the Bangladesh Government, but you didn't talk about the leadership and the resolve that must begin and come from the Government of Bangladesh if there is to be any progress. There are tools, and then there is leadership and commitment to standing against these acts of terrorism and extreme violence, and a commitment to hold those perpetrators accountable. Thank you, Mr. Chairman.

Mr. SALMON. Mr. Chabot.

Mr. CHABOT. Thank you very much, and thank you for being here today. First of all, I would like to talk briefly about Sri Lanka. They held elections obviously in 2015, and it has kind of marked, I would say, a political shift that is pretty significant in the country. And I had been to Sri Lanka in the past, and kind of witnessed firsthand some of the devastation that occurred during, and in the follow-up to the civil war and the unrest that they had there for quite some time, particularly in the north of the country and the area around Jaffna. What would you say is the situation relative to the government actually coming together, where Tamils feel an actual role in the government?

When I was there, and this has been probably 5, 6 years ago, they didn't feel like they were being treated at all well by the government. The government obviously had a different point of view on this. What would you say is the situation, and especially on the ground in the North? They said they were being excluded from being in police departments and a whole range of jobs and things. How are things now?

Ms. BISWAL. Thank you, Congressman. Let me say that there has been a sea change between what the environment and the percep-

tion was in Sri Lanka amongst the Tamil and other minority populations in Sri Lanka, prior to the January 8, 2015 election, and what has been the feeling, the perception, and the reality since then. Now it is and continues to be a work in progress. There are many, many areas where we want to see more actions and more progress, but we do see a commitment and a steady sense of actions from the government, including on the return of land.

Over 3,400 acres of land have been returned from military to the original landowners. We have seen the government take steps to start looking at constitutional reform by convening its Parliament as a constitutional assembly. We have seen, for the first time, a Tamil leader named as the opposition leader in Parliament.

In May, the U.N. Special Rapporteurs on Judicial Independence and Torture were welcomed into Sri Lanka, both of whom were denied entry by the previous government. And the government has shown itself willing to examine both the progress and the shortcomings, and to engage in an honest and open dialogue on what it needs to do. We need to see some more progress on things like the establishment of a commission on missing persons. We would like to see them take a look at their Prevention of Terrorism Act and to see how it can be revised or reformed in light of changing circumstances on the ground, so that civil liberties can be ensured, and many other things that I think we would like to see greater progress on, but we are encouraged by the fact that there seems to be a commitment to move forward.

Mr. CHABOT. Thank you. I have got a follow-up question however, I have only got a minute and a half, and I wanted to shift over to Bangladesh, so let me do that kind of quickly here as well.

The first time I was in Bangladesh, Khaleda Zia was in power. And when I went back most recently, which was maybe 2 years ago, Sheikh Hasina was in power, and met with both of them on both those occasions. Obviously they have different points of view on a whole range of issues. But the most recent time it was a couple of months before the election that didn't—well, the election happened, but it was boycotted by Khaleda Zia's party. A couple of questions. One, do they anticipate elections any time in the near future, or what is the status on that at this point? And then most importantly, relative to the violence that we have seen with the Islamist extremists that have literally hacked people to death, and other horrific things, in general, it tends to be when people have criticized extremism, those people are targeted. Do you see that as being an ongoing phenomenon? What is the government trying to do to push—what are they doing to crack down on it without suppressing—without suppressing freedom of speech in the press, et cetera? All in about 30 seconds.

Ms. BISWAL. Thank you, Congressman. With respect to the elections, my understanding is that the next elections would take place in 2019. I have not heard any indication that there would be an earlier timetable in terms of when the term is set to expire. We do continue to urge that there be a more inclusive political process and that the democratic space in the country be expanded to allow for peaceful political activity. There has been a history of political violence in Bangladesh, including a particular spate of political vio-

lence in 2015, which was of concern, and we have noted it both publicly and privately in our conversations with political parties.

So I think that that is going to continue to be a space that we need to engage on and to continue to bring to bear some pressure to see some additional progress on political inclusion in Bangladesh, but also a respect for a violence-free space in politics in Bangladesh.

And finally, with respect to the rising incidences, and the frequency of incidences of violence, of extremist violence, in Bangladesh, I think that that is something we are seeing action and focus from the government on, and that is something that I think we want to try to, again, further capacitate.

So I did not mean to convey that the Government of Bangladesh is not seized with the problem. I do believe that they are. I believe that the Prime Minister was very clear in her determination to try to address this. I think we can bring to bear, through our partnership, greater capacity and greater focus on that.

Mr. CHABOT. Thank you. My time is expired.

Mr. SALMON. Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman, and welcome. I want to go back to Nepal for a minute, and following up on the gentleman from Pennsylvania's questioning of the use of overseas contingency accounts. And I may have misunderstood the gentleman from Pennsylvania, but it seemed like his last observation was, well, we are always going to have problems in Nepal. And that is true, but I wanted to put this in perspective. The earthquake that occurred over a year ago in Nepal, was it not something like the third largest, most intense earthquake ever recorded? Mr. Stivers, somebody?

Mr. STIVERS. I am not sure if it was the third, but the devastation was enormous.

Mr. CONNOLLY. And there was a second aftershock that was almost equally powerful. Is that not correct?

Mr. STIVERS. That is correct.

Mr. CONNOLLY. And it led to complete destruction of villages in many valleys; I mean, total. Is that correct?

Mr. STIVERS. Yes.

Mr. CONNOLLY. And destroyed, you know, UNESCO-preserved shrines and monasteries throughout the country, including in Katmandu, the capital, and also led to a massive landslide on Mount Everest itself, which did damage and took lives as well. Is that correct?

Mr. STIVERS. Yes.

Mr. CONNOLLY. Any estimate of what the total cost of the damage done from all those events might have been?

Mr. STIVERS. The estimated damages are almost \$7 billion.

Mr. CONNOLLY. How much?

Mr. STIVERS. \$7 billion.

Mr. STIVERS. \$7 billion. One of the poorest countries in the world.

Mr. CONNOLLY. Right. And how many people live in Nepal?

Mr. STIVERS. I think it is around 100 million.

Mr. CONNOLLY. 100 million? One of the criticisms that has been leveled about the relief and recovery efforts is that money has been very slow to be deployed, and as a result, reconstruction has al-

ready missed one monsoon season, and is likely to miss another, partly due to corruption, partly due to government incompetence, partly due to international relief incompetence, but also partly due to the fact that absent verification and infrastructure for managing these funds, international agencies and nonprofits are not going to release them. Could you comment, because there are people in need still living in temporary housing over a year after the devastating earthquake.

Mr. STIVERS. Absolutely. Thank you, Congressman Connolly. First of all, I think the population number is 20 million.

Mr. CONNOLLY. Yeah, I thought 20-something.

Mr. STIVERS. I'm sorry. In terms of the damage, around \$7 billion in losses. More than 750,000 homes were destroyed. About 1,200 health facilities and hospitals, destroyed or damaged, more than 8,200 public schools destroyed or damaged. It was devastating. And it occurred in, not so much the population centers that are more easily accessible, but up in the mountain areas which are very difficult to get to, to get reconstruction, or humanitarian recovery, to get that assistance to the people who need it. That continues to be a huge problem in Nepal, and reconstruction has been slow. There have been a number of constraints to that. Certainly the extent of the damage, the fact that it has occurred mostly in remote areas that are hard to access, and the limited capacity of the government are issues. The Nepal Reconstruction Authority has just begun to operate and international donors have been slow. There were a lot of pledges, but the money has been a lot slower in terms of moving forward in terms of reconstruction from a lot of the countries and entities that committed a significant amount.

Mr. CONNOLLY. But if I can, one of the things that concerns me though, I mean, my view about management is, number one, are you seized with the mission? To allow a whole monsoon season to go by, it is very difficult to do reconstruction and construction in a monsoon season. So you have got to wait for that, and then schedule your construction or building. And we are now in monsoon season number two, I believe, and we still aren't seeing reconstruction. That means people are once again without housing, without shelter, without many of the basic necessities of life, and at risk, in not a particularly favorable climate, both in monsoon and in terms of winter. So what are we doing to try to light a fire under folks to be seized with the mission, and are we seized with the mission?

Mr. STIVERS. Absolutely. In my written testimony, I explained a number of things that we have done in terms of the reconstruction and the recovery. We did pledge, commit and provide \$130 million, which was for the initial humanitarian response, and a lot of that was used for reconstruction. As we move forward, we are trying to find the funds to do more in terms of the reconstruction for our part, but it continues to be a challenge. Certainly it continues to be a challenge for us to do our part, and for the rest of the international community, and maybe I will defer to Assistant Secretary Biswal about the diplomatic engagement on that.

Ms. BISWAL. Sure. But let me just make one observation on the issue of the OCO before I talk about the diplomatic engagement on Nepal's recovery effort. We recognize that OCO is not for address-

ing kind of the long-term development needs, but for addressing exigent circumstances, and the earthquake was certainly an exigent circumstance. And the bipartisan budget agreement—

Mr. CONNOLLY. And excuse me. I wish Mr. Perry was still here. That was the point of my line of questioning. I don't disagree with him normally, but what happened in Nepal is almost unprecedented, and certainly the worst to happen in Nepal, and it presents an enormous challenge for us, the international community, and not least, the Nepalese themselves. That is why—please continue, but that is the setting for the OCO provision here.

Ms. BISWAL. Exactly. And we recognized and I think Congress recognized in the budget agreement by expanding OCO funds. So that was putting the earthquake reconstruction in under OCO was, in a sense, respecting the direction that we received from Congress in terms of how and where to use OCO, and we hope to be able to revert to a longstanding, regular development program in the base as soon as possible. We want to address the exigent circumstances of the reconstruction and recovery as quickly as possible.

Mr. CONNOLLY. I know my time is up, and the chairman is being very indulgent. But just to make a point, don't rush too much into that. We have just established on the record we are in the second monsoon season, and we haven't really touched reconstruction. So the idea that we would go back to business as usual when we haven't even addressed the crisis at hand a year after the fact I think would be very imprudent management.

So let's not be rushed into that for form's sake. Let's make sure that we are using resources in every which way we can to try to return people to some sense of normalcy in their villages and towns and cities in Nepal.

Thank you, Mr. Chairman.

Mr. SALMON. Well, I thank the panelists for being here today. As always, you were very responsive.

Mr. SHERMAN. You are not going to do a second and third and fourth round?

Mr. SALMON. Actually we have a meeting with the People's Congress, what is it, the Foreign Affairs chairman, and that is in 10 minutes. And with the chairman's indulgence on my long-winded responses, yours, all of us, I think we would probably be here for a little while maybe extended beyond that. You have been wonderful. I really appreciate it, and I appreciate the committee members up here and the great questions. Thank you very much.

Mr. SHERMAN. We will miss you until next time.

Mr. SALMON. This committee is adjourned.

[Whereupon, at 3:20 p.m., the subcommittee was adjourned.]



# A P P E N D I X



MATERIAL SUBMITTED FOR THE RECORD

**SUBCOMMITTEE HEARING NOTICE  
COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-6128**

**Subcommittee on Asia and the Pacific  
Matt Salmon (R-AZ), Chairman**

May 11, 2016

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Asia and the Pacific in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

**DATE:** Wednesday, May 11, 2016

**TIME:** 2:00 p.m.

**SUBJECT:** FY 2017 Budget Priorities for South Asia: Recovery, Development, and Engagement

**WITNESSES:** The Honorable Nisha Desai Biswal  
Assistant Secretary  
Bureau of South and Central Asian Affairs  
U.S. Department of State

The Honorable Jonathan Stivers  
Assistant Administrator  
Bureau for Asia  
U.S. Agency for International Development

**By Direction of the Chairman**

*The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5921 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.*



COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Asia and the Pacific HEARING

Day Wednesday Date May 11, 2016 Room 2172

Starting Time 2:08 Ending Time 3:21

Recesses  ( to ) ( to ) ( to ) ( to ) ( to ) ( to )

Presiding Member(s)

*Salmon*

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

Electronically Recorded (taped)

Stenographic Record

TITLE OF HEARING:

*FY 2017 Budget Priorities for South Asia: Recovery, Development, and Engagement*

SUBCOMMITTEE MEMBERS PRESENT:

*Brooks, Perry, Chabot  
Sherman, Bera, Gabbard, Connolly, Meng*

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an \* if they are not members of full committee.)

HEARING WITNESSES: Same as meeting notice attached? Yes  No

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or  
TIME ADJOURNED 3:21

*[Signature]*  
Subcommittee Staff Director

**Questions for the Record Submitted to  
Assistant Secretary Nisha Biswal by  
Representative Grace Meng  
House Foreign Affairs Committee  
May 11, 2016**

**Question:**

After the early euphoria at the change of government in Sri Lanka, we hear increasing worry that the government is not moving fast enough to deliver on its commitments. Do you think the government has done enough?

**Answer:**

Since the January 2015 presidential election, the Sri Lankan government has acknowledged repeatedly that it has a long way to go in order to fulfil its commitments made to the people of Sri Lanka and the international community.

The government has taken numerous steps to signal its continued commitment to fulfilling its reconciliation mandate, including welcoming a visit by the UN High Commissioner for Human Rights, and visits by the UN Special Rapporteurs for Transitional Justice, Judicial Independence, and Torture, all of whom were granted full and unfettered access to the island after years of being denied entry. Civil society representatives in the north confirm that the visible military footprint has reduced significantly with military personnel largely contained within their barracks.

In May 2016, the cabinet approved a draft bill to establish an Office of Missing Persons to trace the thousands of Sri Lankans who went missing during the 27-year war. The government has begun a national consultation process to solicit perspectives from the Sri Lankan people on the kinds of justice mechanisms needed to provide closure and redress to victims, and heal the wounds of war. The government has also returned almost 3400 acres of land to its original owners.

We discussed these issues and many others during February's inaugural U.S.-Sri Lanka Partnership Dialogue, and they will remain priority topics for further discussions. We will use future engagements to press for even more progress on promised reforms, including on transitional justice, security sector reform, and land returns.



**Questions for the Record**  
**Submitted to USAID Assistant Administrator Jonathan Stivers by**  
**Representative Matt Salmon**  
**Subcommittee on Asia and the Pacific, Committee on Foreign Affairs**  
**U. S. House of Representatives**  
**May 11, 2016**

**Question:**

According to the Administration's own estimates, domestic financing covers only about 1/3 of Bangladesh's health care system. Since FY 2009, the Administration has provided hundreds of millions in health funding for Bangladesh. While Congress has long supported maternal and child health programs in Bangladesh, the sustainability of such large programs raises some serious concerns. How are we working to make health programs in Bangladesh sustainable in the long term? How are we working with the Government of Bangladesh to enable them to provide basic services for their own citizens?

**Answer:**

USAID is working in partnership with the Government of Bangladesh, international organizations, and non-governmental organizations to end preventable child and maternal deaths. This partnership has been extremely effective in reducing the number of deaths of children under five from 531,000 in 1990 to 119,000 in 2015. All USAID health programs are designed with a sustainability component in mind. In Bangladesh, specifically, USAID employs several approaches to ensure sustainability.

USAID uses innovative approaches and leverages private and public sector resources for health programs. We partner with other donors to encourage increased government expenditures in health, and work with the private sector through a Global Development Alliance that leverages over \$200 million in private funds to ensure the availability of health products and services. As a result of these efforts, and with the support of other donor agencies, the Government of Bangladesh is now designing a new health sector program that will consolidate Bangladesh's significant achievements on maternal and child health and family planning and move towards Universal Health Coverage. This new program will ensure equity, efficiency, and quality for a broad range of essential services and will strengthen health systems to support service delivery. The majority of this program will be funded by the Government of Bangladesh.

Additionally, USAID provides technical assistance to help the Ministry of Health and Family Welfare (MOHFW) develop a strong health system. This includes supporting efforts to implement the government's Sector Wide Approach Program for health programming. We also help them forecast the need for life-saving medicines and logistics and management of the supply chain; protect the health workforce needed to deliver essential health services; and design, implement, and monitor a healthcare strategy to ensure sustainability.

Finally, USAID builds the capacity of the MOHFW and health care workers to provide evidence-based healthcare. We support the MOHFW to improve the quality, relevance, and comprehensiveness of data that can be used to improve data-informed decision making and contribute to a demand for additional data to improve health programs, planning, and policies.

Additionally, USAID assists healthcare providers to provide evidence-based, state-of-the-art healthcare that can be developed and updated as needed and based on data. As part of this, we also invest in locally-based research organizations that provide world-class research on health program innovations that support development programs in Bangladesh and around the world.

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**Question:**

According to a United Nations report (2014), India has the third largest HIV/AIDS population in the world. To what extent does the annual President's Emergency Plan for AIDS Relief (PEPFAR) appropriation for India of nearly \$30 million assist the Indian government in addressing that country's HIV/AIDS epidemic?

**Answer:**

Under the PEPFAR program, the U.S. Agency for International Development (USAID) and the U.S. Centers for Disease Control are helping the Government of India to achieve its goal of accelerated HIV epidemic control. These efforts are aligned under the Joint United Nations Programme on HIV/AIDS's 90-90-90 goal framework which aims to diagnose 90 percent of all HIV positive people; provide anti-retroviral therapy for 90 percent of those diagnosed; and ensure 90 percent of those on treatment stay on treatment long enough to have those anti-retroviral drugs suppress the HIV in the bloodstream to undetectable levels. This helps people live longer and healthier lives and reduces the chances of infecting others with HIV. The aim is to achieve these three "90s" by 2020.

USAID assistance under PEPFAR plays a unique role due to its value to the Government of India. Rather than providing direct support for comprehensive service delivery – which the Government of India handles through its own robust annual budget for HIV/AIDS – USAID provides targeted national-level and site-level technical assistance focused on the improved management of HIV/AIDS prevention, care, and treatment services in six priority districts in India (Mumbai, Pune, Thane, East Godavari, Krishna, and Guntur) where the HIV burden is highest.

Our technical assistance is focused on innovating ways to identify key populations – particularly those who are underserved – and motivate them to get tested and access care and treatment services. As part of these efforts, we are testing new community approaches to link key populations to services and ensure they receive ongoing treatment. In focus districts, we are also piloting new prevention models, such as a "test and treat" model, along with real-time monitoring systems to track whether key populations connect to appropriate services.

USAID also creates linkages to global best practices by supporting the provision of lessons learned from India's highly successful key population-focused programming to other PEPFAR countries.



**FY 2017 Budget Priorities for South Asia: Recovery, Development, and Engagement**

Subcommittee on Asia and the Pacific

House Committee on Foreign Affairs

Wednesday, May 11<sup>th</sup>, 2016, 2:00 p.m.**Questions for the Record from Chairman Matt Salmon****South Asia Regional**

- No two countries have a greater effect on their neighbors in South Asia than Afghanistan and Pakistan. In 2009, the Administration moved responsibility for Afghanistan and Pakistan from the Bureau of South and Central Asia to a new Special Representative for Afghanistan and Pakistan. **How is the Administration ensuring that broader South Asia regional concerns are factored into decision making on Afghanistan and Pakistan (and vice-versa)? What is the Administration's plan and timeline for returning responsibility for Afghanistan and Pakistan to the Bureau of South and Central Asian Affairs?**
- The Department of State has proposed new funding for an Indo-Pacific Economic Corridor. **How are State and USAID coordinating to ensure regional efforts are not duplicative with existing programs? How does the Indo-Pacific Economic Corridor help connect South Asia to East Asia? How is the Administration promoting connectivity and cooperation within South Asia?**

**Bangladesh**

- Both Assistant Secretary Biswal and Assistant Administrator Stivers testified about signs of increasing violent extremism in Bangladesh, traditionally a moderate Muslim-majority country. The 2017 budget justification identifies rising violent extremism in Bangladesh as a top priority, but out of more than \$200 million requested for Bangladesh, only \$3 million is designated for Anti-Terrorism Assistance, and \$2 million is designated in Foreign Military Financing for the Bangladeshi coast guard to combat terrorism and transnational threats. **We are essentially spending just over 2% of our aid to Bangladesh on counter-terrorism efforts. Is this a sufficient commitment given the growing threat? What else is the Administration doing to assist Bangladesh in combating violent extremism?**

**India**

- The U.S. Commission on International Religious Freedom (USCIRF)'s 2015 report on India found that "incidents of religiously-motivated and communal violence reportedly have increased for three consecutive years." Human rights groups within India say they have documented hundreds of attacks against religious minorities in recent years. Earlier this year, the Government of India declined to issue visas to a USCIRF delegation. **What are we doing to ensure the protection of religious and other minorities with India? Is the Department of State assisting the USCIRF in being able to fulfill their Congressionally-mandated mission?**

[NOTE: Responses to the above questions were not received prior to printing.]