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“Maintaining U.S. Influence in South Asia: The FY 2018 Budget”
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Chairman Yoho, Ranking Member Sherman, and distinguished members of the subcommittee: Thank you for inviting me to testify on the President’s budget request for development assistance in South Asia for fiscal year (FY) 2018. It is particularly an honor to testify before this committee on the vital role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy priorities in South Asia.

Development plays an indispensable role, alongside diplomacy and defense, in advancing U.S. national security and economic interests. USAID’s programs save lives, promote inclusive economic growth, strengthen democratic governance, and therefore avert crises worldwide. Our efforts alleviate suffering and bolster self-reliance, which helps developing countries forge sustainable paths of progress that benefit us all by building stronger trade and security partners and a more peaceful world.

The President’s FY 2018 budget request for Department of State and USAID foreign assistance in the South Asia region is \$220.8 million. Specifically for USAID, this budget request supports activities in Bangladesh, Nepal, and India—three vastly different countries in their stage of development and the challenges they face. The budget request reflects the imperative to direct foreign assistance investments to approaches that have the greatest impact and are cost effective in advancing U.S. national security objectives, asserting U.S. leadership, and fostering economic opportunities for the American people, while working in partnership with these countries to achieve their development goals.

Next, I will provide a brief country-by-country overview of the budget request.

Bangladesh

Bangladesh, one of the most densely populated countries in the world with nearly 27 million people living in extreme poverty, faces immense development challenges. Today, it finds itself at an important crossroads in its democratic evolution and economic growth. The United States is helping to address the underlying factors impeding Bangladesh’s progress and stability by supporting the country’s continued development. The budget request supports USAID efforts to bolster Bangladesh’s democracy, address drivers of radicalization to violence, foster inclusive economic growth, strengthen the agriculture sector, combat human and wildlife trafficking, and address key health and education challenges.

As a long-standing moderate Islamic country, and one that prides itself on its tolerance of diversity, Bangladesh stands as an example for Muslim-majority countries around the world with much hinging on the success of its secular democracy and success against preventing violent extremist attacks. Against this backdrop, the budget request supports USAID’s program to

strengthen citizen participation and government accountability—by supporting the elections process, improving political competition, supporting civil society’s ability to engage with the government, and improving the judicial system and rule of law. To address the threat of violent extremism, we are intensifying efforts to address drivers of radicalization to violence. The increase since 2013 in brutal attacks against democratic voices—including the AQIS-claimed murder of one of our own USAID staff members, Xulhaz Mannan, and the July 2016 attack claimed by ISIS against a restaurant frequented by the international community in Dhaka—mark a turning point and must be addressed to prevent further regression on a number of fronts, including security and development gains. Leveraging best practices from previous work, USAID has awarded a new flagship countering violent extremism program. This program will work through local communities, scholars, think tanks, and non-governmental organizations to prevent recruitment of members of those most vulnerable groups by confronting the psychological, social, and economic drivers of violent extremism. We are also supporting the resolution of political conflicts at the community level, providing legal support for the poor and vulnerable to help redress their grievances, and expanding employment opportunities for youth through workforce training and improved reading instruction in primary school to curb high dropout rates. With human and wildlife trafficking opening the door to bad actors, USAID is improving collaboration among Bangladesh’s government agencies and providing legal, psychosocial, and livelihood support to labor migrants.

Advancements in agriculture over the past decade have been a major contributor to reducing poverty and fueling inclusive economic growth. Administrator Mark Green just announced on August 31st that Bangladesh is one of 12 target countries for the next phase of Feed the Future. The country now needs to shift to high-value agriculture to continue growth and poverty reduction. Bangladeshi farmers have struggled to break through with limited access to improved seed varieties, buyers, and training in modern farming methods. The budget request enables USAID to continue helping Bangladesh make this transition through the promotion of crop diversification, access to markets, and efficient farming practices. Our assistance increases the demand for agricultural products that U.S. businesses are well-positioned to provide, including Caterpillar and John Deere. We partner with private sector partners like the Walmart Foundation to connect farmers with modern supply chains. Our assistance has helped increase farmers’ production and sales of high-value agricultural items including fish and livestock, improving the livelihoods of roughly 27 million people in southern Bangladesh while diversifying the economy. To sustain these gains amid a growing population forced to compete for scarce resources and regularly occurring natural disasters, the budget request supports our continued efforts to improve disaster preparedness and natural resource management.

Finally, the budget request supports our continued efforts to improve maternal and child health, mitigate the spread of tuberculosis (TB), and prevent chronic malnutrition and undernutrition. Great progress has been made. Despite the challenges, USAID helped Bangladesh reduce deaths of mothers and children under 5 by more than two-thirds in the last 25 years, thereby helping the country achieve two of its Millennium Development Goals—to improve maternal health and reduce child mortality—early. We have also contributed to a significant reduction in childhood stunting: from 51 percent of children in 2004 to 36 percent of children in 2014. Yet, too many people still suffer the heartbreak of losing a newborn baby to preventable causes such as newborn sepsis, birth asphyxia, and prematurity/low-birth weight, or the anguish of learning that

their children's nutritional deficiencies have caused irreversible, lifelong harm. USAID support will address the most common causes of maternal death, including hemorrhage and eclampsia, which together account for more than 50 percent of maternal deaths. The drivers of this mortality are poor access to and low utilization of antenatal care, skilled care during delivery, and postnatal care services. USAID provides assistance to Bangladesh to scale up evidence-based interventions to reduce neonatal mortality, which makes up a disproportionate share of all child deaths, and to support community-based nutrition activities that prevent and manage undernutrition among children and infants.

Nepal

Nepal is one of the poorest countries in South Asia, and while remarkable progress has been made—including cutting the extreme poverty rate by over two-thirds between 2003 and 2010, reducing chronic undernutrition by 37 percent from 2001 to 2016, and this year, achieving a 7.5 percent increase in its GDP, its highest economic growth rate since 1994—significant challenges remain. More than ten years following the end of its civil war, the Government of Nepal is hampered by constant leadership changes and still working to address the key drivers of its conflict: poor inclusion of traditionally marginalized populations and weak governance to meet public demand for quality services. The 2015 earthquake was a significant setback for Nepal, pushing an additional 800,000 people into poverty, according to the World Bank. The budget request supports USAID efforts to help fortify Nepal's fragile democracy, shore up its economic growth, and address persistent education, maternal and child health, and nutrition challenges.

At the forefront, USAID activities in Nepal foster more inclusive, transparent governance. USAID has been a committed partner in strengthening key institutions in Nepal, including the Parliament, Election Commission, local governments, and political parties. So far this year, our support has been critical in the Government of Nepal holding two phases of credible, broadly participatory local elections—the first in 20 years. The elections saw minimal violence and mark a historic devolution of power and resources to the local level, giving the people a stronger voice. USAID assisted with nine election-related bills, voter education, and political party candidate training for women and other members of traditionally marginalized groups. USAID support is critical to Nepal's transition to a democratic state with functioning local governance that constructively engages members of dissenting groups. This is significant, given the 36,000 newly-elected local officials who require training on devolving governance processes and effectively engaging constituents. We continue to support the combined national (parliamentary) and provincial assembly elections scheduled for November 26th and December 7th. Our programming has seen a more than 30 percent increase in public participation in public audits and social accountability tools for local government spending and oversight over the past four years. Building on this, USAID will continue to support more transparent public financial management and civil society oversight of public finances and service delivery as Nepal establishes its new federal system of government. We are also helping address issues of equity and quality in health and education services, supporting the economic inclusion of women and members of other vulnerable populations through business and financial literacy training, and improving Nepal's ability to combat trafficking in persons and wildlife.

Some 1,500 people leave Nepal daily to work in the Gulf states, Asia, and the United States. As smallholder farmers earn higher incomes through improved practices, more Nepalis have shown

willingness to stay. With 80 percent of Nepalis engaged in subsistence agriculture, USAID is working to modernize farming methods to improve productivity and catalyze economic growth through agricultural commercialization and increased agribusiness competitiveness. Our programs contributed to a 36 percent decrease in poverty in targeted areas over the past three years. We are also working to develop a more business friendly environment, particularly in hydropower, which safeguards U.S. investments in this promising emerging market. USAID has supported the Nepal-U.S. Chamber of Commerce and advises Nepal on policy, regulatory, and institutional reforms, including in energy, agriculture, and foreign investment. Our programs contribute to, and dovetail with, the recently approved \$500 million Millennium Challenge Corporation (MCC) Nepal Compact—which will be matched by a \$130 million contribution from Nepal. The MCC Compact complements our poverty reduction and market access activities with its focus on expanding and strengthening the electricity transmission network and improving the road maintenance regime.

India

India has made significant development gains, but it is still home to one-fourth of the world's extreme poor, impacted by inequities, particularly in health. Those living in urban slums and rural outposts disproportionately suffer from poor health aggravated by poverty. The numbers speak for themselves: More than 40 million Indians—a population equaling that of California—are pushed into poverty each year because of health care costs and illness-induced low productivity. Moreover, India accounts for roughly 20 percent of global maternal and child deaths, with 1.2 million children under 5 years of age dying each year. Of all the countries in the world, India has the largest estimated number of new TB cases every year, accounting for about 27 percent of the world's new TB cases. Each year, 2.8 million new cases are diagnosed in the country, of which 130,000 are multidrug-resistant. An estimated 480,000 TB deaths occur every year in India—which is about 1,300 deaths per day. Given its population of 1.3 billion, India's capacity to design, implement and evaluate health programs that effectively respond to its pressing health challenges of global consequence has proved understandably challenging.

USAID is a trusted partner in helping to guide and unlock India's own resources in ways that shape the country's health care system to better respond to the needs of its population. With a focus on maternal and child health and TB, the budget request enables us to demonstrate high-impact models and approaches that more efficiently and effectively direct India's own resources to save lives, which India can then scale up. For example, India now uses a cloud-based patient feedback system that USAID helped develop to ensure better accountability and governance of services in some 1,000 hospitals, reaching nearly one-fourth of the population. Our engagement is helping to introduce American health innovations to new markets. For example, General Electric is introducing its equipment into private Indian clinics and hospitals that we are supporting through a loan guarantee. And, we have helped introduce California-based Cepheid's technology to India, which is now buying hundreds of their machines to more accurately and rapidly identify people with multidrug-resistant TB. The Indian Government has budgeted \$39.2 million over the next five years to purchase an additional 1,400 machines, which will radically change the playing field in favor of better outcomes in the fight against multidrug-resistant TB.

Conclusion

Mr. Chairman, Ranking Member Sherman, and members of the committee: Thank you for your

support. Investing in global development progress remains in the U.S. national interest. In helping build more stable, open, and prosperous societies, we strengthen our own security and help to generate economic partners for the United States. With the FY 2018 budget request, USAID will continue achieving these results in the South Asia region through strong American leadership.

Thank you for the opportunity to testify today. I look forward to your counsel and questions.

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