

Written Testimony  
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House Committee on Foreign Affairs, Subcommittee on Indo-Pacific  
***“Renewed U.S. Engagement in the Pacific: Assessing the importance of the Pacific Islands”***  
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Introduction

Chairwoman Kim, Ranking Member Bera, Distinguished Subcommittee Members: Thank you for inviting me to testify on the strategic importance of the Pacific Islands, how USAID is working to support the Compacts of Free Association (COFA) negotiations, and USAID’s efforts to deepen U.S. engagement in the Pacific Islands.

Hosting a vast proportion of the world’s shipping and global fisheries, Pacific waters supply food and income to millions of people in Pacific Island nations and beyond. Yet, being surrounded by these same waters exposes these nations to catastrophic climate-change risks that threaten their very existence. With some Pacific Island nations’ highest point only 15 feet above sea level, the most subtle environmental changes—from coastline erosion to storm surge to rainfall—can translate into catastrophic consequences for communities and industry. As natural disasters grow more severe in intensity and frequency, these effects are compounded.

Furthermore, the Pacific Islands face numerous challenges to economic development due to distance and disconnection from major markets, inefficiencies related to economies of scale, and decline in tourism due to the COVID-19 pandemic. They are also navigating the geopolitical and geoeconomic challenges posed by the People’s Republic of China (PRC) government, which is seemingly intent to rewrite, for its own narrow advantage, the international rules-based order that has for decades provided a free and open architecture for peace, security, and prosperity. In contrast, USAID offers Pacific Island countries a development model not rooted in debt and dependence, but in economic trade and integration, inclusivity, locally-led solutions, and the democratic values that can positively transform our shared planet.

The PRC government has capitalized on instability and natural disasters in this vulnerable region to make inroads. For example, in Tonga, a country with a large level of PRC-financed debt, the PRC touted the speed and extent of its humanitarian assistance vis-a-vis other donors in the wake of the volcanic eruption and tsunami in December 2021. In contrast, USAID’s established partnerships with organizations in Tonga enabled USAID to swiftly build a \$2.6 million multi-sector response and recovery effort which is increasing the resilience of Tongan communities to future disasters.

As a Pacific nation with a state and territories in the region, the United States is committed to and has a vested interest in our neighbors’ success. We consider our Pacific neighbors to be essential partners in fostering a free and open Indo-Pacific region.

The United States—through USAID and its support from Congress—partners with 12 Pacific Island nations to bolster their ability to lead their countries to democratic, resilient, and

prosperous futures. USAID's support for improving the well-being of the Pacific's diverse communities spans the Federated States of Micronesia, Fiji, Kiribati, Nauru, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

Today, thanks in part to what we are able to provide and achieve through the COFAs and their related agreements with the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI), our partnerships are stronger than ever. In fact, USAID is significantly increasing its presence, programming, and partnerships across the Pacific Islands, deepening our engagement on shared priorities. To this end, the FY 2024 President's Budget includes robust funding for our Pacific partners, including \$7.1 billion in mandatory funding over twenty years, to implement amended and extended provisions of the Compacts of Free Association (COFA) with the Freely Associated States (FAS) of the Federated States of Micronesia, the Marshall Islands, and Palau. This includes \$6.5 billion in economic assistance and \$0.6 billion to support provision of postal services.

#### *Expansion of USAID Presence in the Pacific*

We have heard the importance of robust presence from Pacific Island leaders. This year, USAID is re-establishing its Pacific Islands mission in Fiji and will elevate our presence in Papua New Guinea to a Country Representative Office. We anticipate that both will be stood up by September 2023. This is allowing us to benefit more Pacific Islanders, strengthen our actions on the ground, and build on our long-term commitment.

At a time when the PRC government is assertively expanding its influence, it is critical that USAID elevate its presence in the Pacific Islands to ensure that the United States remains a preferred partner in the region and delivers tangible results on the most pressing development priorities for the Pacific Islands. The FY 2024 President's Budget requests both mandatory and discretionary resources to out-compete China, strengthen the U.S. role in the Indo-Pacific, and advance American prosperity globally through new investments to respond to these unprecedented and extraordinary times.

In May 2022, USAID released its first-ever Strategic Framework for the Pacific Islands, which is aligned to the 2050 Strategy for the Blue Pacific Continent, endorsed by Pacific Islands Forum leaders in July 2022. The overall goal of USAID's strategic framework, which will guide the Agency's work for the next five years, is to advance a more democratic, prosperous, and resilient Pacific Islands region. USAID's development objectives focus on community resilience (inclusive of climate and disaster, environment, energy, and health systems), economic resilience, and democratic governance.

In addition to supporting the new Partners in the Blue Pacific Initiative to more effectively coordinate development assistance, USAID will also leverage its strong partnerships with key regional institutions, including the Pacific Islands Forum, the Secretariat of the Pacific Regional Environment Programme, and the Pacific Community to drive development progress.

### USAID Support through COFA

The United States remains one of the largest humanitarian and disaster assistance donors in the Pacific. In addition to our efforts to build countries' resilience, advance progress on shared development priorities, and strengthen our enduring bonds across the region, we provide year-round disaster preparedness and resilience assistance which enables Pacific Island nations to more effectively lead their own disaster responses.

Under COFAs with the FSM and RMI, and Article X of their respective Federal Programs and Services Agreements, USAID supports Article X, enhanced disaster assistance. Through the Bureau for Humanitarian Assistance, USAID plays a heightened role in RMI and FSM: we respond in the immediate aftermath of a disaster and help them with long-term recovery—including reconstruction.

For instance, USAID is the U.S. Government's operational lead for disaster response in FSM and RMI, where we have invested nearly \$100 million in disaster relief and reconstruction efforts in response to five major disasters since 2008. Recently, in response to Typhoon Wutip, which devastated 30 communities in FSM in 2019, USAID provided more than \$7 million in funding to address disaster relief needs and nearly \$23 million to assist with reconstruction of damaged homes and public infrastructure. FSM's prolonged border closures due to COVID-19 caused delays; therefore, reconstruction is ongoing.

USAID's hybrid arrangement with the Federal Emergency Management Agency in FSM and RMI allows us to work closely to provide humanitarian assistance and conduct reconstruction activities. In this arrangement, and indeed across all of our work under the COFA framework, USAID works closely with interagency counterparts to coordinate programs to avoid overlap and duplication.

USAID and FEMA have been closely coordinating with the Department of State's COFA Negotiation team since 2021, working diligently on improving the language in Article X of the Federal Programs and Services Agreements with FSM and RMI to ensure disaster relief and recovery assistance are more flexible and efficient in supporting RMI and FSM during times of significant natural disasters. Additionally, just a few weeks ago (March 1-2), USAID convened FSM and RMI Annual Federal Stakeholders meeting. During this meeting, all federal agencies that support disaster preparedness, response, and reconstruction reviewed the past year's responses and discussed plans for the upcoming year. The meeting gave an opportunity for the interagency to receive updates on the status of the Disaster Assistance Emergency Funds, regional weather forecasts for the year, progress of current activities, and to discuss upcoming changes in Article X of the Federal Programs and Services Agreements.

Further, USAID, through our partner Catholic Relief Services, enhances the capacity of RMI and FSM to more effectively prepare for and manage disaster and climate-related risks by supporting locally led responses to small to medium scale disasters. For example, in FSM, USAID is introducing disaster-resilient agricultural techniques and establishing village savings and lending groups in outer-island communities to ensure individuals outside of the banking system have access to savings during family or community-wide shocks.

The totality of USAID’s humanitarian and development assistance both bolsters our close relationship under COFA and maximizes what we are able to achieve through it, benefiting communities and families across the COFA nations and other countries in the Pacific Islands.

### USAID’s Programs in the Pacific

In the Pacific Islands, USAID works side-by-side with governments, communities, and local organizations to advance and sustain progress. USAID invested more than half a billion dollars in the last decade.

Today, we continue to deepen engagement on shared development priorities across the Pacific Islands, particularly in building resilience to extreme and unpredictable weather, adapting to the impacts of climate shocks, building local capacity, promoting good governance, and strengthening regional connectivity. USAID supports early recovery, risk reduction, and resilience interventions throughout the Pacific Islands, enabling partner countries to lessen the impacts of natural hazards and respond more effectively to disasters. USAID’s three-pronged approach—to enhance early warning systems, improve disaster preparedness, and strengthen first-responder capabilities—helps Pacific Island nations to strengthen national disaster risk management capacities.

USAID has reaffirmed its commitment to bolstering the resilience of Pacific Island partners against existential climate threats, including through additional investments as part of the USG’s Pacific Partnership Declaration. And we continue to unlock public and private funding that will preserve the region’s rich biodiversity, assist low-lying communities threatened by rising sea levels, and help farmers adopt climate-smart agriculture practices—including those that rehabilitate soil, which improves the quality of crops and, in turn, boost nutrition and food security. USAID is also partnering with local civil society organizations under our regional grant facility known as the Pacific American Fund to advance Pacific-identified and led solutions to intractable development challenges. USAID also uplifts principles of democracy, such as transparency and accountability—the keys to achieving climate resilience.

USAID’s work is built on a foundation of success that reflects the strength of its ties and the potential of its development approach. We engage in a variety of critical sectors, from environment, to economic growth, to digital connectivity, and humanitarian assistance. USAID’s work is designed to address the region’s most pressing challenges, specifically in climate, sustainable fisheries, good governance, economic growth, health systems strengthening and health security, and the COVID-19 response.

In Papua New Guinea, for instance, USAID is expanding access to renewable energy, protecting the country’s environment, combatting the HIV/AIDS epidemic, and promoting peace and stability. In Palau, USAID partnered with Australia and Japan to support the development of an undersea spur cable—Palau’s second—that will connect the country to the world’s longest undersea cable and increase the internet bandwidth needed to spark greater economic growth. And in the Solomon Islands, USAID works with partners at all levels to advance the country’s economic competitiveness and inclusiveness, with specific emphasis on developing the agribusiness sector and improving natural resources governance. USAID also continues to

support the Governments of Papua New Guinea, Kiribati, and Tonga as they diligently work to respond to ongoing humanitarian needs within their borders.

When tropical cyclones Judy and Kevin made landfall over Vanuatu between February 28 and March 4, USAID responded swiftly. These cyclones affected more than 85 percent of the country's population. USAID's response includes the distribution of emergency relief items, through our implementing partner CARE. In Vanuatu this week, USAID Assistant Administrator for Asia Michael Schiffer announced that USAID has allocated \$3.2 million in humanitarian assistance that will enable humanitarian partners to provide shelter assistance as communities start rebuilding homes; agriculture support to help restore livelihoods and improve food security; water, sanitation and hygiene assistance including safe drinking water and supplies; and protection for the most vulnerable people affected by the storms.

With disasters like these becoming more frequent and intense, USAID's environment and climate readiness work remains a top priority. Through the USAID Climate Ready activity, we support Pacific Island countries to become more environmentally and disaster resilient, so that they can protect the lives and livelihoods of their people. This work complements and strengthens what we provide through the COFAs and their related agreements. Climate Ready has helped countries access larger amounts of financing from international adaptation funds and improved the skills and systems within each country to better manage and monitor adaptation projects. Since 2016, Climate Ready has mobilized more than \$500 million dollars for Pacific Island countries from various climate finance institutions. It has also supported three local institutions to receive full accreditation to apply for climate finance from various funds.

Across all of these efforts, USAID works directly with likeminded allies and partners in the region, as well as through coordinating mechanisms such as Partners in the Blue Pacific and the QUAD. By doing so, we are able to leverage each other's resources and technical expertise, while ensuring USAID's work is complementary, respects existing regional architecture, and is led and guided by the Pacific Islands.

### Closing

Ms. Chairwoman, USAID's investments in the Pacific Islands region are a critical part of the United States' vision for a free and open Indo-Pacific that contributes to greater global security and prosperity.

Thank you for your support providing us the necessary resources as well as the opportunity to share with you what USAID is doing in this important region of the world. I look forward to your counsel and questions.