

WRITTEN TESTIMONY

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“Properly Resourcing the Indo-Pacific in an Era of Great Power Competition”

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Introduction

Chair Kim, Ranking Member Bera, and distinguished Committee Members, thank you for inviting me to testify about the U.S. Agency for International Development’s (USAID) role in advancing U.S. foreign policy priorities in East Asia and the Pacific and our fiscal year (FY) 2025 Budget Priorities.

The East Asia and Pacific region is home to over 2 billion people, the world’s fastest-growing and increasingly interconnected economies, the busiest maritime trade routes, and many rapidly urbanizing societies. It is also quickly becoming one of the most digitally connected regions. Over the past several decades this economic dynamism has lifted tens of millions out of poverty. At the same time, this dynamic region has left some communities with poor access to health care and education and people on the margins or in remote areas at risk of being left behind. These diverse countries are essential partners for the United States as we seek to contribute to a free and open Indo-Pacific that improves lives in Asia, underwrites regional stability and security, and helps generate prosperity here at home.

The United States offers this region mutually beneficial and transparent collaboration – as a partner and as a friend –that advances a shared vision for a free and open, connected, prosperous, secure, and resilient Indo-Pacific. As one of the three essential lines of effort in U.S. foreign policy—diplomacy, development, and defense— USAID forges relationships through development that help the region address pressing issues including: the climate crisis, food insecurity, threats to democracy, global health security, and the need to increase the adoption of open and secure digital technologies. Critically, our work spurs economic growth and combats coercive practices, not only by advancing shared values and interests with partner countries, but also by driving sustainable development progress that aligns with local priorities.

In a new era of global competition, USAID sees tremendous opportunities in the region and is well-positioned to support our nation’s Indo-Pacific Strategy (IPS), which is the primary focus of our budget request for FY 2025. Our approach to the region starts not with the question of what we are against but, rather, with what we are for: supporting our partners to meet their own goals and aspirations and elevating transparency, partnership, and good governance, as well as respect for human rights and democratic norms as foundations for sustainable growth. We are wholly focused on advancing an affirmative vision for open, transparent, and rules-based societies in the places where we work, and development tools play a critical role. Through our work, we harness American democratic ideals in the development space, empower nations to achieve their own ambitions, and support our partners to build the resilience they need to maintain those achievements.

Priorities

The President’s FY 2025 Request for USAID is \$853.6 million for East Asia and the Pacific, a \$41.7 million increase (5.1 percent) over the FY 2023 enacted. In addition, the FY 2025 budget request includes multifaceted mandatory resources to advance our affirmative development approach as we strengthen our role in the Indo-Pacific. As Administrator Power noted in her testimony on this budget request, we recognize the need for tradeoffs, and we appreciate your support as we look to deliver even better value for money.

Through critical, targeted investments in **strategic sectors** in line with Administration priorities, the FY 2025 request focuses on a set of key themes to advance U.S. national security and prosperity alongside that of our partners and allies in Asia and the Pacific. This request will help our partners strengthen **good governance and basic service delivery** to support democracy, preserve human dignity, and reduce corruption as well as information manipulation while encouraging inclusive development and growth. Additionally, this request supports our partners' objectives to achieve their critical **climate priorities** by focusing on both urgent adaptation demands and the long-term mitigation shifts. This budget request also seeks to expand and **strengthen the networks of trade, information and communication technology, energy, and transportation** that facilitate flows of goods, services, people, and knowledge. USAID will continue to advance **global health security and strengthen health systems, bolster women's empowerment, advance basic and higher education for underserved communities while helping to develop future leaders, and advance human rights and dignity**. Across all of these aims, USAID will advance **democratic development** as an underpinning for growth and prosperity, lifting up everyone.

With the FY 2025 funding request, USAID will continue to build capacity and resilience to address regional challenges from political and humanitarian crises, to climate concerns and digital connectivity and security. It will support U.S. coordination, bilaterally and regionally, with the Association of Southeast Asian Nations (ASEAN), the Pacific Community (SPC), Pacific Islands Forum (PIF), the Partners in the Blue Pacific (PBP), and the Quad with Australia, India, and Japan. We will also continue to increase our presence in the Pacific Islands countries by continuing to staff up our offices in Fiji, Papua New Guinea, and elsewhere in the Pacific. In the global competition for a rules-based international order, it is more important than ever to strengthen the capacity of key regional organizations, such as ASEAN, to better address transnational challenges, including climate, public health, and the trade of illicit goods. USAID support to ASEAN reinforces our advocacy for ASEAN centrality and our commitment to partnership with the Indo-Pacific, aligned with the ASEAN Outlook for the Indo-Pacific.

The FY 2025 budget request reflects the Administration's priorities by strategic sector.

Connectivity, including Economic Growth

USAID's FY 2025 request includes \$97.4 million for economic growth in East Asia and the Pacific, which is a \$18.7 million increase (23.7 percent) over the FY 2023 enacted. This budget will allow USAID to advance inclusive, broad-based economic growth, a critical factor for enabling and supporting democratic governance that delivers for the people.

Sustainable, inclusive economic growth is a critical factor in enabling and supporting long term democracies to deliver for their people. Continued economic activity is also the lifeblood for sustaining community resilience in the midst of conflict. This budget will support USAID efforts to bolster inclusive economic growth and the Indo-Pacific Strategy through trade and investment, private sector productivity, and digital connectivity—contributing toward a more connected, resilient, green, and fair economy. USAID efforts in the Pacific will help countries to build workforce capacity and support the deployment of Open Radio Access Network technology, improving peoples' access to secure, fast, and affordable internet connectivity in the Blue Pacific region and creating more jobs for Pacific Islanders in the industry. Across East Asia and the Pacific, USAID will identify opportunities to advance gender equality and women's empowerment priorities alongside economic growth. We will leverage key initiatives, such as the negotiations of the Indo-Pacific Economic Framework and Feed the Future, to advance key issues such as supply chain resilience, sustainable agriculture, clean energy, and anti-

corruption. These issues, which significantly impact economic drivers of growth, are essential to U.S. competitiveness.

USAID assistance will help countries in the region to resist coercive, unfair, and/or corrupt trade and investment practices and advance policy, institutional, legal, and regulatory reforms that improve transparency, regulatory quality, and competition standards. These reforms will result in increased trade and investment diversification toward more inclusive and sustainable partnerships. USAID will continue working toward the vision of the U.S. Indo-Pacific Strategy through private sector engagement to improve competitiveness and connectivity.

Philippines. Foreign assistance advances U.S. foreign policy goals in the Philippines to advance sustainable and inclusive U.S. and Philippine economic growth and grow leadership in addressing regional challenges. Collaborating with the Philippines, a key treaty ally, to succeed as a secure, prosperous, and democratic country reinforces the United States' global leadership in the Indo-Pacific region. FY 2025 resources will advance high-quality infrastructure development, particularly in information and communication technology sectors, improve competitiveness, increase productivity, foster better mobility and connectivity of people and goods, enable greater trade and investment, and expand job opportunities. The Philippine e-commerce industry has grown rapidly over the past several years, with gross merchandise sales increasing more than five-fold since 2019. In collaboration with the State Department and the American Chamber of Commerce and other foreign and local chambers, USAID-funded programs provided technical advisory and advocacy support for the passage of landmark laws to help the country manage and integrate these gains. To strengthen consumer and merchant protection for online transactions, for instance, USAID supported the Philippine government to develop the Internet Transactions Act, signed into law in December 2023. This law will help boost e-commerce to an estimated \$24 billion in annual sales by the end of 2025, which is an increase of 17 percent since 2021, and will contribute to increased revenues, market expansion, and more job opportunities, in addition to spurring the digital connectivity needed to open up markets in which U.S. companies are uniquely competitive.

Lao People's Democratic Republic (PDR). In Lao PDR, USAID will enhance digitalization of enterprise and economic governance by supporting business associations to engage the government constructively about business environment challenges, reforms, and more inclusive growth. Lao PDR's business environment is complex and at times opaque, which greatly limits the country's growth and investment potential. To help Lao PDR improve its business environment, USAID partners with the World Bank to simplify business regulations, facilitate trade, and improve firm-level competitiveness. For example, USAID helped the Government of Lao PDR simplify business regulations and improve transparency, cutting costs for applicants by reducing the timeline to obtain a Business Registration Certificate by 97 percent, from 173 to five (5) days. It also enhanced Lao PDR's trade potential by shortening the border clearance process for import/export by over 50 percent, from 9.4 hours to 4.8 hours. Additionally, USAID supports Lao PDR to amend laws on electronic transactions and improve the intellectual property regulations and registration system so that Lao enterprises can more efficiently participate in international markets. USAID's continued assistance will open more doors for local and foreign businesses to start and thrive, creating job opportunities and spaces for new innovations. Assistance will also increase cross border trade and integrate Lao PDR into regional and global markets. Having joined as co-chair to Lao PDR's Trade and Private Sector Working Group in November 2023, the United States is better placed than ever to advocate for positive change.

Regional: PGI and IPEF. Safe, secure, and sustainable infrastructure is the key to ensuring inclusive and sustainable economic growth. Across East Asia and the Pacific, U.S. assistance will advance a more stable and inclusive global economy by investing in sustainable infrastructure—in alignment with the Partnership for Global Infrastructure and Investment (PGI)—and will support countries in improving their communities’ and cities’ quality of life and in attracting high-quality investments through greater transparency, innovation, and access to capital. For example, U.S. assistance will facilitate high-quality investment in regional infrastructure projects under PGI, using capacity building approaches to create a pipeline of bankable and sustainable infrastructure projects to attract diversified investment options for the region. FY 2025 funding will also advance the Indo-Pacific Economic Framework for Prosperity (IPEF) to accelerate inclusive, broad-based prosperity and advance shared interests in resilient, fair, digital, and low-carbon economies.

Climate Change and Environment

The FY 2025 budget requests \$194.7 million for climate in EAP, which is a \$96 million increase (97.7 percent) over the FY 2023 enacted. In addition to funding for direct climate programming, \$81.6 million in climate indirect attributions across East Asia and the Pacific will support cross-cutting activities that help address extreme weather events and other impacts.

The FY 2025 request emphasizes the Biden-Harris Administration’s priority of addressing climate change by using foreign assistance to reduce emissions, protect critical ecosystems, conserve biodiversity, implement legal and regulatory reforms, mitigate resource conflicts, help nations transition to renewable energy, and build resilience. The funding that USAID is requesting this year will address our partners’ most pressing challenges in the region, such as strengthening energy security through clean, renewable energy and supporting sustainable development. Across the region, USAID will enhance climate adaptation and mitigation by improving access to, and use of, information and tools that can help countries slow, stop, and reverse rapid deforestation; improve land and natural resources management; and promote sustainable investments and safeguard supply chains in key commodities like coffee, rubber, coconut, and timber. USAID will support net-zero energy grid development in Asia by promoting power sector reforms, supporting the deployment of state-of-the-art energy systems and technologies, and modernizing power grids. In addition, the request will allow USAID to boost the resilience of communities around the region so that they can keep working and earning a living despite the negative impacts of climate change.

Indonesia. Indonesia seeks to transition its energy sector towards greater use of renewable energy technologies, and U.S. assistance plays a significant role in facilitating this transformation. With the FY 2025 budget request, USAID will continue technical support to help Indonesia plan, finance, and implement clean energy programs and drive inclusive economic growth, while attracting greater U.S. investment. Since 2021, USAID has facilitated the completion of 293 megawatts of clean energy generation in Indonesia, serving 1.62 million people and reducing 1.4 million tons of greenhouse gas emissions. That is equivalent to taking 275,500 cars off the road. USAID’s continuing support for Indonesia’s energy transition in partnership with Japan and other countries will spur new investments in renewable energy, catalyze Indonesia’s transition to clean energy, and reduce emissions. FY 2025 assistance will also support Indonesia to sustainably manage its critical forest, land, and marine resources, including accelerating sustainable private sector practices to safeguard tropical forests and reduce emissions from land use.

Pacific Islands. U.S. assistance will help Pacific Island Countries achieve ambitious climate adaptation and mitigation outcomes. USAID will engage our partners in the Pacific region to identify adaptation

needs in Pacific Island countries, where extreme weather and shifting climate patterns pose an existential threat. To promote transformative adaptation and resilience solutions, resources will mobilize sustainable climate finance; provide grants to local civil society organizations; increase access to climate-resilient, high-quality investment and infrastructure; strengthen early warning systems and decision support tools; and support the adoption of climate-smart livelihoods. To date, USAID has mobilized substantial international financing to help Pacific Island countries' fund their own national adaptation strategies. A modest \$24 million initial USAID investment has generated more than \$562 million from international donors since 2016. That is a return of roughly \$23 to \$1. These funds are improving health, food, water security, marine ecosystems, biodiversity, conservation and natural resource management across 11 countries, benefiting more than 800,000 people. Further, we will continue deepening our collaboration with Australia, Japan, New Zealand, South Korea, Taiwan, and other like-minded partners and leverage our strong partnerships with regional institutions, including the Pacific Islands Forum and the longstanding Pacific Community, to meet our partners' development goals.

The United States will continue to increase its engagement with Pacific Island countries, bilaterally and multilaterally, through programs that seek to build their resilience to health shocks, respond to the climate crisis, address war legacies, and advance their long-term prosperity and security. Programs will help Fiji, Papua New Guinea, and other Pacific partners strengthen their health systems to withstand future shocks and increase their capacities to prevent, detect, and respond to biological threats and infectious disease agents.

Vietnam. USAID will continue to support the Government of Vietnam's efforts to meet its own climate targets, including net-zero emissions by 2050, through projects and partnerships on climate adaptation, renewable energy, biodiversity conservation, and sustainable landscapes. USAID will use FY 2025 resources to continue efforts to protect the landscapes and biodiversity that agricultural communities depend on. The FY 2025 budget request will also build Vietnam's capacity to be resilient, particularly in the Mekong Delta, and promote nature-based solutions to mitigate impacts. Over the past two decades, USAID has supported Vietnam as it transforms its forests from a carbon source to a carbon sink. Vietnam's Payment for Forest Environmental Services system, which was designed, launched, and implemented since 2008 with USAID support, has generated more than \$1 billion since 2011. This funding has helped finance the conservation efforts for approximately 40 percent of Vietnam's forest area while also supporting rural, often ethnic minority communities. With FY 2025 resources, USAID will continue to work with Vietnam to strengthen implementation of this system; develop new systems for carbon offsetting, reforestation, and forest restoration; build Vietnam's capacity to mobilize private sector investment in green technology; deploy advanced energy systems; and expand renewable energy markets. USAID will also continue to address legacies of the Vietnam war through the environmental remediation of dioxin contamination at Bien Hoa airbase, a significant commitment that is crucial to advancing the U.S.-Vietnam Comprehensive Strategic Partnership while achieving U.S. priorities in the Indo-Pacific region.

Democratic Governance

The FY 2025 budget request includes \$178.4 million for democracy, rights, and governance programming in EAP, which is a \$33.2 million (22.9 percent) increase over the FY 2023 enacted.

Transparency, accountability, and democratic reforms are not only critical moral and ethical values, but key to sustainable development outcomes. USAID will continue to promote transparent, accountable and responsive institutions that build democracy and counter corruption. Against a backdrop of rising

authoritarianism, this budget will allow USAID to strengthen pillars of democracy that are critical for peace and stability. It will allow USAID to further promote and protect a free press and civil society across the region; address discrimination, inequity, and marginalization; and, counter disinformation and harmful actions that undermine sustainable development. Critically, it will enable USAID to support democratic institutions as a bulwark against corruption and coercion. This work includes both country-specific democratic governance programs as part of an overall country development strategy and global, regional, and sub-regional programs that address challenges best addressed across multiple countries. USAID will also work to maintain integrity of information technology spaces, promote and protect civil and political rights, strengthen the integrity of electoral processes, and support democratic champions where they are.

Burma: In retaliation for opposition to its military coup in 2021, the military regime's strategy includes a brutal campaign of attacks on Burma's civilian population. The regime has weaponized assistance, denying communities that support democracy, ethnic rights, and reconciliation essential services such as public safety, food, health, and education. Key to USAID's approach to implementing the BURMA Act's provisions is helping the people of Burma survive the regime's violence and establish a peaceful, inclusive, democratic and federalist Burma. The FY 2025 request for Burma builds upon the momentum of our work over the last three years since the coup in coalescing diverse actors including democratic activists, ethnic resistance organizations, women's groups, political activists, teachers, and human rights defenders, all working to establish Burma's path to a democratic federal future through an increased focus on sub-national governance capacity building, supporting the NUG, NUCC, EROs and other civil society actors to develop a shared vision of Burma's future governance and the mechanisms to achieve it, integrated sub-national service delivery, and to prevent atrocities. As we assist those who fight for a democratic, inclusive and federalist future in Burma, we will support community resilience through the provision of food and agricultural inputs; clean water, shelter, and protection; quality health services for mothers and children; and by stemming the spread of malaria, tuberculosis, and HIV/AIDs. We will also promote economic stability in conflict-affected communities through social-safety net programming that helps farmers and agribusinesses maintain production and helps children and youth to continue their education. USAID is also developing means to support service provision by alternative and parallel governing entities as Ethnic Armed/Resistance Organizations consolidate gains in non-regime controlled areas.

Cambodia. The United States supports the Cambodian people and their aspirations for a more prosperous, democratic, and independent country, where all voices are heard and respected. U.S. foreign assistance in democracy and governance will bolster the resilience of civil society, independent media, and trade unions to protect the fundamental rights of Cambodians. Funds will promote and champion democratic principles and advocate against repressive legislation to protect the rights of citizens guaranteed by the Cambodian Constitution and international conventions. U.S. foreign assistance to Cambodia addresses the recommendations in the Department of State's Trafficking in Persons report for Cambodia and supports prevention and victim protection. USAID continues to encourage Cambodia and other countries across Southeast Asia to acknowledge the scale of cyber-scramming operations and commit to address this expanding problem that not only encompasses Cambodia, but also Burma, Thailand, Lao PDR, and the Philippines. In 2023, for example, USAID partners sheltered, fed, and supported repatriation for dozens of cyber-scramming victims. FY 2025 funds will enable USAID to continue supporting pillars of democracy such as independent media, civil society, labor unions, human rights defenders, and youth for democracy promotion and to put democracy in action.

Regional: USAID will advance a media sector in Southeast Asia that is robust and resilient, reflects diverse voices, and produces impactful investigative reporting on critical issues related to regional crime, corruption, and corrosive capital. This funding request will support USAID’s work with civil society actors across Asia. This budget will also allow USAID to further foster independent civic forces; enhance civic engagement; and build vibrant, and resilient civil society and media sectors in East Asia and the Pacific. We will also support religious and ethnic freedom work by local partners to expand the freedom of religion and conscience in Asia, including the religious freedom of minority diaspora populations that have been subject to human rights violations.

Gender Equality and Women’s Empowerment

The FY 2025 budget request includes \$155 million attributed for gender in EAP, which is a \$42.6 million increase (37.9 percent) over the FY 2023 enacted.

USAID will continue to work for gender equality and women’s empowerment, a fundamental human right that is vital to achieving every nation’s development objectives. Societies that value women and men as equal are safer, more peaceful, and healthier. Investing in gender equality and women’s empowerment sets a path towards poverty eradication and inclusive economic growth. USAID recognizes that the full participation of all people—including women, girls, and marginalized groups—is essential to a resilient and prosperous region. With FY 2025 resources, USAID will continue to promote gender equality and women’s empowerment across East Asia and the Pacific. We will increase women’s political, civic, and economic engagement; address gender norms and systems that perpetuate inequalities; and combat gender-based violence. FY 2025 resources will also promote gender equality and women’s empowerment, including through support to key local actors, increasing women’s political, civic, and economic engagement.

ASEAN. FY 2025 resources will prioritize the empowerment and protection of marginalized populations across the region, with a focus on women and girls, who are increasingly vulnerable to gender-based violence and human trafficking, and for persons with disabilities as announced in the 2023 US-ASEAN joint statement to solidify collaboration to advance disability rights in the region. For example, USAID will strengthen the ability of ASEAN and member states to uphold human rights and expand the rights of and opportunities for women, youth, persons with disabilities, and other marginalized groups. This builds on our work to address gender-based violence. In 2023, with support from like-minded ASEAN partners, ASEAN stakeholders convened at the 2nd ASEAN Gender Mainstreaming Steering Committee Conference in Indonesia to highlight implementation progress, such as promoting gender mainstreaming across ASEAN civil service agencies through gender-responsive recruitment. USAID’s ongoing support in inclusive development and rights of the marginalized remains instrumental in building, strengthening, and maintaining cross-national, cross-sectoral linkages on women’s empowerment initiatives, marking powerful strides toward a more resilient and inclusive ASEAN community.

Health

The request includes \$210.6 million for Global Health Programs (GHP)-USAID in EAP, which is a \$3.1 million decrease (1.4 percent) compared to the FY 2023 enacted. To improve health systems and strengthen global health security, USAID will help partners strengthen health systems to withstand future conflict and climate-driven shocks and increase countries’ capacities to prevent, detect, and respond to emerging infectious diseases and other global health security priorities. East Asia and the Pacific remains one of the highest-risk regions in the world for emerging health threats, with malaria once again on the rise following the coup in Burma. In addition to deepening our partnerships to detect

and respond to emerging public health threats and strengthen preparedness and response capacity for the next pandemic, FY 2025 resources will also help address tuberculosis, malaria, and other endemic diseases; support improvements in nutrition, maternal and child health, and HIV/AIDS; and promote diverse and resilient health systems and supply chains. USAID has been able to do this even in the most non-permissive environments, leveraging the ingenuity of local actors and our major partners who work together to overcome the odds in making sure that every person has access to health services as a basic human right.

Conclusion

USAID is committed to the people of East Asia and the Pacific, and supporting them as they strive to determine their own futures. We have heard from leaders and communities across the region about the importance of continued U.S. presence in the region. This budget request allows us to provide the necessary resources for USAID to deliver on our commitments and continue our central role in strengthening U.S. security and prosperity through investments that increase partner country resilience.

As Administrator Samantha Power said in her testimony on the budget request for USAID globally, bipartisan support for these efforts makes Americans safer and more prosperous. Your support provides a critical foundation for continued U.S. leadership and influence in a world where other global powers are working aggressively to erode U.S. alliances, undermine democracy, and diminish basic rights and freedoms. Plainly stated, it remains in America's best interest to help feed the world, to help protect fellow democracies as well as democratic ideals and institutions, and to advocate for the dignity of all people. In doing so, we reflect an America that is generous, compassionate, and moral, while helping to protect the safety and prosperity of the American people and advancing democratic development in East Asia, the Pacific, and indeed around the world.

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