

**Statement for the Record**

**United States Agency for International Development**

**Donald L. “Larry” Sampler**

**Assistant to the Administrator and Director  
of the Office of Afghanistan and Pakistan Affairs**

**Before the House Foreign Affairs Subcommittees on the Middle East and North Africa and  
Subcommittee on Asia and the Pacific Joint Hearing:**

**“After the Withdrawal: The Way Forward in Afghanistan and Pakistan (Part III)”**

**Wednesday, December 10, 2014, 2:00 p.m.**

Chairman Ros-Lehtinen, Chairman Chabot, Ranking Member Deutch, Ranking Member Faleomavaega and Members of the Subcommittees, thank you for allowing me the opportunity to testify before you today to discuss the U.S. Agency for International Development (USAID)’s civilian assistance activities in Afghanistan and Pakistan. It is an honor to appear before you today with the Department of State’s Deputy Special Representative for Afghanistan and Pakistan, Jarrett Blanc, and the Department of Justice Drug Enforcement Administration’s Deputy Chief of Operations, Office of Global Enforcement, James Soiles.

I have been working in the region in both civilian and military capacities since 2002. In addition to having worked with the Afghan Constitutional Loya Jirga and the Afghan Emergency Loya Jirga, I have served as a representative of an international non-governmental organization for programs in Afghanistan, and as chief of staff of the U.N. Assistance Mission to Afghanistan. I bring these perspectives to USAID’s work today.

Our work in Afghanistan and Pakistan is emblematic of our agency’s overall mission: USAID partners to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. USAID’s civilian assistance programs in Afghanistan and Pakistan are also a critical component of our core U.S. national security objective of a stable South and Central Asia free of al-Qaeda and its affiliates. Afghanistan and Pakistan, and consequently the region as a whole, present both enormous opportunities and enormous challenges. This region,

wracked with conflict for much of the last three decades, remains one of the least economically integrated in the world, with the vast majority of its human and economic potential untapped.

As we have noted before, this does not have to be the case, but it will take fundamental changes by regional leaders to transform these dynamics. Our U.S. civilian assistance programs can be an essential catalyst and incentive for change, and our efforts in Afghanistan and Pakistan today are delivering real, tangible, measurable results that contribute to this potential transformation. Our efforts to spur investment in small Afghan enterprises; expand trade ties in the region; and connect the restive tribal areas of Pakistan to the economy and government, are creating economic opportunity, interdependence, better governance, and accountability—all of which contribute to our effort to marginalize al-Qaeda and stabilize the region.

We remain committed to an assistance program in Afghanistan and Pakistan that is effective, accountable, and sustainable. The importance and impact of effective, accountable, and sustainable development assistance to Afghanistan and Pakistan is more essential than ever in this period of transition. The Afghan national unity government used last week's London Conference to articulate to its partners a broader strategy for the future, a plan for how to get the highest return on the investments made during these past thirteen years. We reaffirmed our partnership and recognition of the need for mutual accountability to achieve these returns.

The stability of Afghanistan, amidst the drawdown of U.S. and other International Security Assistance Force combat forces, will require sustained effort to cement the important development gains that have been made over the past thirteen years and mitigate the economic consequences of the reduction of the military presence. We have seen the dire consequences of neglect and disengagement play out in this region before, and the Obama administration is committed to not letting history repeat itself.

USAID's central goal in Afghanistan is to promote a stable, inclusive and increasingly prosperous country. During the past decade, Afghanistan has made remarkable development gains across multiple sectors, thanks to the whole-of-government efforts of the United States, along with our international partners, the Afghan government and the Afghan people. The key

elements of USAID's Afghanistan strategy going forward calls for making durable the significant achievements in health, education, and for women; focusing on economic growth and fiscal sustainability to mitigate the economic impact of the troop withdrawal and declining levels of civilian assistance; and supporting legitimate and effective Afghan governance, and in turn promoting stability.

Likewise, Pakistan remains a critical partner for the United States in the region. Pakistan's engagement with Afghanistan during this transition period, and its efforts to deal with extremist militancy, transnational terrorism, and nuclear security, are of paramount importance to U.S. national security. Pakistan's economic and political stability is an essential foundation for these efforts. U.S. development work in Pakistan has delivered important outcomes for the United States and Pakistan that directly support U.S. national security interests. USAID is implementing a civilian assistance strategy for Pakistan that focuses efforts in five key sectors – energy, economic growth including agriculture, stabilization, education, and health.

This five-sector work seeks to increase the capacity and efficiency of the energy sector to help bridge the gap in supply and demand that undermines stability and growth; foster private sector-led economic growth and agriculture assistance to help Pakistan's economy and provide licit employment for its growing population; stabilize regions susceptible to violent extremism, particularly on the border with Afghanistan and in Karachi; increase access to and the quality of education, helping Pakistan provide skills necessary to grow its economy and counter violent extremism; and improve maternal and child health. In the years ahead, USAID will look to support key priorities, including: (1) progress on the Government of Pakistan's reform agenda, which includes support to its implementation of its International Monetary Fund program; and (2) more robust Pakistani economic integration into the South/Central Asia region. Progress on these priorities will not only promote Pakistan's stability, but will have a positive impact on Afghanistan's as well.

With regard to the issues facing the new Afghan government and the implications of the U.S. troop draw down, I know from personal experience that the dramatic progress made in Afghanistan is remarkable, yet fragile. USAID has been planning and adjusting its programming

in anticipation of the transition, to maximize sustainability and ensure oversight and accountability of the resources the American people have provided in support of Afghanistan.

We understand fully that the fiscal reality our nation faces at home means that resources available for Afghanistan will decline over time. Weaning Afghanistan from unsustainable levels of assistance is necessary for us, and essential for them. To achieve this goal without triggering a crisis, we believe it is essential to continue to provide assistance in areas critical to Afghan development and stability. To do this with fewer resources, we are making tough decisions and prioritizing investments that have the greatest potential for long term sustainability.

### **USAID Impact and Results**

In Afghanistan, USAID's development assistance, which represents approximately 3 percent of the total military and civilian financial cost of the war, has helped Afghans achieve extraordinary gains for a country that in 2002 had virtually no access to reliable electricity, roads or modern telecommunications, and disadvantaged almost half of its population - women and girls - by prohibiting them from contributing fully to Afghan society and the economy. Specific examples include:

- **Health**: Life expectancy has increased from 42 years to over 62 years since 2002; the maternal mortality rate has declined by 80 percent from 1,600 to 327 deaths per 100,000 births; and child mortality decreased by 44 percent from 172 to 97 deaths per 1,000 live births.
- **Education**: In 2002, there were approximately 900,000 Afghan children in school, and virtually none were girls. Today, approximately 8 million children are registered to attend school and more than one-third of them are girls.
- **Mobile Technology**: in 2002, there were few fixed telephone lines and making calls outside of Afghanistan required a satellite phone. Today, the combined phone network covers 90 percent of the Afghan population. Eighty-five percent of women have access to a mobile phone. The telecommunications sector is Afghanistan's greatest source of foreign direct investment, largest remitter of taxes to the government, and biggest licit employer, providing jobs for over 100,000 Afghans.

In Pakistan, since 2009, USAID has partnered with that country to achieve significant development impacts, including:

- Energy: Added over 1,400 megawatts (MW) to the national system, benefitting about 16 million people. By 2016 USAID's programming is expected to contribute 2,400 MW to the power system, benefiting 26 million people;
- Stabilization Linkages: Constructed over 935 kilometers of road in the Federally Administered Tribal Areas (FATA) and Khyber Pakhtunkhwa (KP) province, speeding travel time, reducing transportation costs, and increasing access to markets.
- Strengthening Economic Opportunity: Completed the Gomal Zam dam. Located in South Waziristan Agency, an area vulnerable to extremism, this dam now supplies electricity to more than 270,000 people, prevents life-threatening flash floods, and creates water storage for households and farmers in the area. The dam supplies irrigation water for approximately 191,000 acres of farmland in KP province to create job opportunities and increase the incomes of an estimated 30,000 farming families in the region.

These support our own national security interests in helping Pakistan foster long-term stability, growth, and reform.

### **Supporting Women and Girls**

Women and girls in Afghanistan and Pakistan are integral to ensuring the future stability and economic prosperity of both nations and the broader region. In both countries, USAID is implementing gender-focused programming and ensuring that gender is a cross-cutting priority across all program areas.

In Afghanistan, USAID recently launched its largest gender program in the world, known as "Promote." Promote, a five-year program, builds on the achievements women and girls have made since 2001 by developing a cadre of 75,000 educated Afghan women between the ages of 18 and 30, empowering them to fully participate in the economic, political, and civil society sectors of Afghan society. It will help women establish and/or expand small-to medium-sized businesses; help civil society organizations increase their knowledge and skills so they can better

support women's rights, outreach and advocacy campaigns; facilitate fellowships with relevant Afghan government ministries and agencies with a goal of achieving a critical mass of women in the civil service; and train women in the public, private and civil service sectors in management and leadership.

In Pakistan, USAID created the Gender Equity Program (GEP) that works to improve women's access to justice as well as address and prevent gender-based violence by providing small grants to the Pakistani government and non-government organizations. GEP is a \$40 million grant-making program implemented by the Aurat Foundation. In support of Government of Pakistan efforts, 40 percent of GEP's funding is dedicated to addressing gender-based violence. The Government of Pakistan has set up 42 government-run women's crisis-shelters, thirty-four of which are in Punjab, along with 23 crisis response centers. Through GEP, 1,298 women and 468 children have received support services through the eight private shelters, and 524 women have received support through crisis centers over the last four years.

### **Afghanistan and Pakistan Programming Moving Forward**

In Afghanistan over the past three years, USAID has shifted the focus of its programs from a focus on stabilization and infrastructure to a focus on creating the basis for sustainable, long-term development. As noted above, USAID's strategy in Afghanistan is threefold:

- Maintaining and making durable the gains made in health, education, and for women;
- Supporting continued economic growth and employment through a focus on the agriculture sector and private sector development, operations and maintenance of infrastructure investments, and responsibly developing the extractives industry, all key to ensuring future fiscal sustainability; and,
- Fostering legitimate and effective Afghan governance, the rule of law, and a robust civil society.

Operationally, USAID has adjusted its implementation model to improve sustainability and meet the challenges presented by the transition.

- Developing a multi-tiered monitoring strategy to address reduced mobility and decreased

field staff that, along with other monitoring and evaluation efforts, will continue to ensure appropriate oversight of projects;

- Transforming USAID's approach in Afghanistan to one of mutual accountability that incentivizes Afghan reforms by conditioning an increasing percentage of our assistance to the government on progress on reforms and that continues to increase government involvement and ownership of development needs; and
- Focusing on long-term sustainability through implementing three key principles of: (1) increasing Afghan ownership and capacity; (2) contributing to community stability and public confidence in the Government of Afghanistan; and (3) implementing effective and cost-efficient programming.

In Pakistan, USAID will continue to pursue the five-sector strategy, but in 2015, USAID is preparing to increase its engagement in helping the Government of Pakistan address the civilian impacts of Pakistan's military operations in the North Waziristan Agency (NWA). More than five years of Pakistani military operations in the FATA and KP have displaced 1.9 million people. This includes the recent displacement of roughly 900,000 people from NWA as a result of the Zarb-e-Azb operation that began in June 2014. In addition, this past fall, government forces expanded the operations to include the neighboring Khyber Agency. As of December 3, 2014, over 500,000 individuals have been registered as internally displaced persons (IDPs) from Khyber Agency alone.

The following three-step engagement plan is being considered for NWA:

- Help Pakistan meet IDP needs by providing short-term humanitarian assistance, which includes support from USAID's Offices of Foreign Disaster Assistance and Food For Peace, continued Mission support to United Nations entities, and supporting host communities in KP
- Support Pakistani efforts to address impediments to IDP returns, including the following:
  - Small community-based projects for immediate income generating opportunities
  - Support family livelihood needs
  - Reconstruction/repair of damaged housing and public infrastructure
  - Support re-establishment of public administration, human, and institutional capacity
- Augment Government of Pakistan commitments to strengthen public administration in

the FATA where security and governance can be maintained

### **Central and South Asia Regional Integration Programming**

USAID is also working in coordination with the Department of State to encourage regional integration and strengthen economic ties between Afghanistan, Pakistan and their regional neighbors in an effort to bring greater prosperity and stability to one of the least economically integrated regions in the world. USAID is laying the groundwork for a more economically connected region by facilitating trade; providing technical assistance for regional energy projects such as the World Bank's Central and South Asia (CASA)-1000 project, in which the Central Asian countries of Tajikistan and the Kyrgyz Republic will provide surplus summer hydropower to Afghanistan and Pakistan; promoting business-to-business networking; and helping countries address cross-border trade impediments, as well as countering trafficking in persons.

USAID's Afghanistan Trade and Revenue (ATAR) project provides technical assistance for Afghanistan's accession to the World Trade Organization. ATAR works to ease transit constraints, modernize the customs agency, and create international business opportunities. In November, USAID brought together 80 members of the public sector to meet with government officials in Kabul to discuss ways to improve the implementation of the Transport International Routiers (TIR) convention of 1975. The convention simplifies cargo transport across international borders. This project reaches beyond Afghanistan's borders with Afghanistan's Export Promotion Agency of Afghanistan (EPAA) to create commercial opportunities. For example, in late October and early November, 2014, USAID supported business exhibitions such as the Central Asian Trade Forum and the World Food Exhibit in Almaty, Kazakhstan which were well attended by Afghan business people.

USAID is also strengthening regional integration through programming based in Pakistan. The Pakistan Regional Economic Integration Activity (PREIA) is a follow-on activity to the Trade Project that will focus on facilitating regional trade and will promote Pakistan's regional economic integration. This new program will continue its technical support to the Government of Pakistan, including the Federal Board of Revenue/Customs and the Ministry of Commerce.



By building the Government of Pakistan's capacity to implement pro-trade reforms, improve customs facilitation measures with regional and bilateral trading partners, and support business connectivity, PREIA will help increase Pakistan's trade and transit volumes with regional trading partners. Among other things, PREIA will provide technical assistance to help the government implement the South Asian Free Trade Agreement (SAFTA) tariff framework, and facilitate expansion of Pakistan's trade with India. PREIA, it is expected, will come online by late spring of 2015.

USAID is also drawing on its expertise and knowledge across the region by coordinating its Afghanistan, Pakistan, and Central Asian activities. These include a regional nutrition program to help decrease the prevalence of malnutrition in Afghanistan, Kyrgyzstan, Tajikistan, and Kazakhstan, as well as an energy linkages program that will help coordinate regional energy initiatives and provide technical support and management to a Regional Energy Secretariat supporting the CASA-1000 project.

### **Oversight and Accountability**

USAID has learned important lessons over the course of its engagement in Afghanistan, and has drawn on experiences in other challenging environments – including Iraq, Pakistan, Yemen, Sudan, and Colombia – to put in place strong oversight of U.S. assistance funds.

In addition to standard USAID oversight measures implemented worldwide, in Afghanistan USAID has implemented the Accountable Assistance for Afghanistan (A3) initiative, designed to prevent funds from being diverted from the development purpose to malign actors. Some of the approaches USAID is employing under A3 include:

1. Award Mechanisms -- We are utilizing assistance awards that provide the most visibility on project costs, such as cost-reimbursable contracts and limiting layers of subcontracts to two.
2. Partner Vetting – The USAID Mission established a Vetting Support Unit in February 2011. The unit conducts checks on non-U.S. companies and non-U.S. key individuals for

prime contractors, sub-contractors, grant recipients and sub-grantees to determine whether or not they are associated with known malign entities or individuals. We have kept approximately \$100 million from being awarded to those who did not meet our vetting requirements.

3. Financial Controls – We are enhancing controls on project funds, such as promoting electronic funds transfers in lieu of cash payments, using independent financial monitors to verify appropriate usage of funds, ensuring close review of recipients’ claims prior to payment, and performing audits of locally incurred costs.

In addition, USAID is implementing a multi-tiered monitoring approach that allows us to use reporting data from multiple sources to make further programmatic decisions. Supporting this approach is the Implementation Support Team (IST) located in the mission. This team is charged with providing an additional layer of critical review and analysis, on a cross-sectoral basis, to ensure there are sufficient streams of monitoring information collected for providing USAID leadership and program managers with advice for addressing challenges in project implementation. The levels of monitoring include: (1) direct hire personnel overseeing and meeting with implementing partners; (2) feedback from Afghan officials; (3) local civil society organizations; (4) monitoring and evaluation strategies employed by USAID implementing partners; and (5) the use of independent verifying agents in the field who can attend events, take photographs and report back to USAID officials when travel to a region is prohibitive.

Building on past monitoring and evaluation experience in Afghanistan, USAID is in the process of reviewing proposals for the new Monitoring Support Project. This request was issued following extensive consultations with international donors, Congress, and USAID implementing partners, as well as a comprehensive analysis of USAID’s experience using independent monitoring around the world. This project will utilize a variety of monitoring methods to verify project data, including site visits, GPS and time/date stamped photos, interviews, and crowd sourcing. Independent monitoring, however, is not the sole source of monitoring data. Moreover, it will not take the place of USAID staff as project managers. Instead, it is one tool that USAID can use to validate reporting data from other sources. Should USAID determine that its multi-tiered monitoring approach cannot provide adequate oversight

over project activities, it will not hesitate to terminate or de-scope projects.

Although there are inherent risks in doing business in a country like Afghanistan, we prioritize the effective and accountable use of taxpayer dollars and do not assume that there is any level of acceptable fraud, waste, or abuse in our programs. This means that oversight must be a process of continual re-examination of ongoing efforts, and that there must be flexibility to adjust to new circumstances as they arise.

Pakistan is also a challenging environment in which to work. Recognizing that fact, the USAID program emphasizes transparency through rigorous oversight measures we have put in place for the assistance we provide. We have made important progress over the past five years, even while experiencing a series of challenges in the bilateral relationship. USAID carefully tracks and monitors all assistance funds in Pakistan in accordance with agency and U.S. Government guidelines. USAID has established a nationwide Anti-Fraud Hotline managed by the USAID Office of Inspector General, whereby anyone in the country can call in to report any corruption, mismanagement, or complaints about any USAID-funded project activities. While there is no way to eliminate risk completely or guarantee a result in undertaking development programming in Pakistan, USAID, in the field and in Washington, is acutely conscious of the trust that has been placed with us to safeguard taxpayer funds while implementing development programs in support of the national interest. We are always looking at ways to refine and adopt improvements to our oversight systems.

### **Direct Assistance in Afghanistan and Pakistan**

Direct assistance to the Afghan and Pakistani governments is used to build the Afghan and Pakistani governments' ability to sustain the investments and gains made over the last decade and to reduce its dependence on donors. Afghanistan and Pakistan must continue to build their capacity to govern and provide services to their people. Providing direct assistance is an important mechanism for accomplishing this goal.

At the same time, USAID has put in place stringent measures to safeguard taxpayer funds, and

only works with those Afghan and Pakistani ministries in which USAID believes it can responsibly mitigate risk. This is in keeping with commitments made by both the previous and current U.S. Administrations to increase our work through local governments and organizations, not just in Afghanistan and Pakistan but around the world. Such work is crucial to fulfill the ultimate goal of assistance, namely helping countries become self-sufficient. While the process of providing direct assistance needs to be done in accordance with strict oversight and accountability that can often slow implementation of programs, the results promise to create a more sustainable development outcome.

### **Conclusion**

USAID knows well the risks and the sacrifices that Americans, our troops, diplomats, and their families take every day to serve in Afghanistan and Pakistan, whether in a military capacity, as a government civilian, or as an implementing partner. Since 2001, 447 people working for USAID partner organizations in Afghanistan have been killed and another 785 wounded.

As USAID navigates through the 2014 transition period and looks to 2015 and beyond, the agency is committed to making every effort to safeguard taxpayer funds and ensure that the development progress in Afghanistan and Pakistan is maintained and made durable, in order to secure our overall national security objectives. It is an honor to be able to share with you today a small glimpse of what USAID is doing in that regard. I look forward to answering any questions that you may have.