

Testimony of Richard G. Olson
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North Africa,
and Subcommittee on Asia and the Pacific
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Chairwoman Ros-Lehtinen, Chairman Salmon, Ranking Member Deutch, Ranking Member Sherman, and members of both subcommittees – thank you for inviting me to appear before you today to discuss Fiscal Year (FY) 2017 foreign assistance priorities for Afghanistan and Pakistan.

Thanks to the sacrifice and dedication of so many Americans, Afghans, and other partners, a great deal has been achieved in Afghanistan over the past 14 years. However, Afghanistan today faces very real and daunting challenges – challenges that affect our own national security – and will need our support as it continues to strengthen its institutions and build sustainable self-reliance.

Our relationship with Pakistan, a growing country with over 190 million people, a nuclear arsenal, terrorism challenges, and a key role to play in the region, will also remain a critical one. Indeed in Pakistan, we see the government engaged in a concerted and difficult fight against terror groups that threaten all Pakistanis. Pakistan’s relationships with its neighbors have peaked and troughed, but are trending toward greater dialogue to resolve differences. Effective engagement with Pakistan, grounded in our important national interests, is critical to promoting the consolidation of democratic institutions and economic stability while supporting the government’s counterterrorism capabilities. In that context, we have repeatedly and frankly underscored with the most senior levels of the Pakistani leadership the need to target the Haqqani network as part of their wider counterterrorism operations, in keeping with their commitment not to discriminate between terrorist organizations.

Overall, as we discussed in December, our core initiatives in Pakistan – promoting economic growth, countering terrorism, and fostering greater regional stability – are vital to U.S. national security interests.

For Afghanistan, two major international donor conferences will take place this year – at the NATO Summit in Warsaw in July on security assistance, and the Brussels conference in October on development. Our continued financial support, as well as our sustained diplomatic engagement, is critical to ensuring that Afghanistan remains a democratic partner that never again serves as a safe haven for terrorists that would

harm the United States or regional stability. Our leadership on the importance of continued support to Afghanistan will boost international confidence and give the Afghan government the resources and opportunity to enact needed reforms, spur a stagnant economy, and consolidate the gains made over the past 14 years.

Before I detail our budget priorities, let me also take this opportunity to commend the men and women of the armed services, the foreign service, development experts, and intelligence community stationed in Afghanistan and Pakistan. I have had the honor to serve in both Kabul and Islamabad over the past four years and am honored and humbled to have worked alongside such dedicated public servants.

Budget Priorities

We have carefully calibrated our FY 2017 budget request, balancing global funding constraints and our national interests in stability in Afghanistan and Pakistan. Our overall combined request is just under \$2 billion, with \$1.25 billion requested for Afghanistan and \$742 million for Pakistan.

While this is a fourteen percent reduction from the President's FY 2016 request and an approximate straight-line from FY 2015-enacted levels, these levels will enable us to stay engaged in a critically important region, while also responsibly right-sizing our commitments.

The \$1.25 billion request for Afghanistan is seventeen percent below the President's FY 2016 request. We deem this level as necessary to maintain and expand the development gains made over the last fourteen years and to honor our public commitments for assistance to Afghanistan through 2017. However, the reduction also reflects our policy of responsibly shifting to more sustainable levels, as Afghan capacity increases.

Our FY 2017 request for Afghanistan is essential to achieving our continued goal of ensuring that Afghanistan develops the security, stability, and resiliency to prevent it from ever again serving as a safe haven for international terrorists. We will use the requested FY 2017 resources to assist Afghanistan in consolidating its role as a reliable and stable partner in the fight against international terrorism in the region, while also working to strengthen its democracy, and continue to help improve the lives of the Afghan people.

For Pakistan, our request is \$742.2 million, which includes \$472.4 million in civilian assistance and \$269.8 million in security assistance. This request strikes the appropriate balance between long-term development and strategic military-to-military cooperation, both of which are in our national security interest, and is at a level that we can responsibly implement. This request is considerably lower – indeed, over 60 percent lower – than our peak funding for Pakistan in FY 2010, the first year under the Kerry-Lugar-Berman authorization.

While this decrease is warranted given urgent needs around the globe, the requested resources remain crucial to advancing cooperation on core areas that matter to us: bolstering Pakistan’s counterinsurgency and counterterrorism operations; empowering women and girls; enabling the return of internally displaced persons; and facilitating private sector investment in Pakistan’s economy and energy sector.

The U.S.-Afghanistan Partnership

We have invested significant blood and treasure in Afghanistan since 2001. More than twenty-two hundred U.S. service members and seven American civilians working with the U.S. embassy made the ultimate sacrifice in Afghanistan, and the cost in Afghan lives has been vast.

We honor their legacies by protecting our investments in Afghanistan. It is imperative that we renew our commitment to ensuring Afghanistan’s stability and self-reliance. A sustainable outcome in Afghanistan is possible, and absent continued, strong U.S. support and leadership, Afghanistan risks again descending into chaos.

Earlier this month, Secretary Kerry and I were in Kabul to participate in the U.S.-Afghanistan Bilateral Commission, which is the implementing mechanism of the Strategic Partnership Agreement. Our partnership is strong, and Afghanistan is on the right track.

Afghan soldiers are fighting bravely in difficult conditions throughout the country. Afghan businessmen and women are working to make profits and create jobs. Civil society, the free media, and women’s rights leaders are vocal participants in public discourse. All of these developments owe their genesis to the investments and sacrifices we have made in Afghanistan.

The Afghan Government

President Ghani and Chief Executive Officer (CEO) Abdullah understand that they have an obligation to build on our investments and sacrifice. They recognize that the Afghan government and the Afghan people have a responsibility to demonstrate their commitment to self-reliance.

We cannot underestimate the challenges and our expectations have to be realistic. Nonetheless, there are signs of progress. The government is beginning to achieve results and live up to the potential we saw when it took office in Afghanistan's first democratic, peaceful transfer of power in 2014.

We strongly support President Ghani and CEO Abdullah and believe they are making progress, but we are doing more than simply investing in them as individual leaders. We are focused on helping the government transform Afghanistan into a country with strong democratic institutions that will be stable and successful well beyond the end of the President Ghani's term in 2019.

Last year, despite the continued withdrawal of international soldiers, Afghan security forces were able to hold off the Taliban's best efforts to retake control of large portions of the country. They also were able to respond to a new threat in the form of Da'esh in the east.

In this tough security environment, the government realizes it must address other challenges, especially the blight of corruption, and it is taking action. Despite broad economic challenges in 2015, the government increased its revenues by 20 percent, largely by implementing more efficient procedures and cutting down on corruption.

The government also established a new national procurement commission. This commission, headed by President Ghani, has already saved the government millions of dollars—for example by reducing waste in a recent food contract for security services. Every dollar the Afghan government saves through greater transparency and accountability lessens the burden on the United States and compounds the impact of our assistance.

Afghanistan is committed to building upon the progress already made by Afghan women. Last year we launched a massive multi-year program in cooperation with civil society and the government to create opportunities in the public and private

sectors for 75,000 educated Afghan women. At the same time, the government began implementing its action plan for women, peace and security.

Warsaw and Brussels

The Afghan people are working hard to secure and build their country, but they still need our help. They need our continued support to succeed and we should follow through on the commitments we have made.

At the NATO Warsaw Summit in July, we are urging other donors to continue security assistance to Afghanistan at or near current levels through 2020. We need a strong U.S. commitment to show leadership and assure our partners that Afghanistan remains a vital priority for all of the international community.

Our leadership is also essential in showing the continued importance of development support. In October, the European Union (EU) will host a donor conference on Afghanistan in Brussels. As recent events in Europe have showed, the threat of international terrorism remains very real, and the conference in Brussels should underscore that none of us can afford to see Afghanistan slip back into chaos.

At the Brussels conference, the EU is encouraging donors to commit to providing development assistance at or near current levels through 2020. We are pressing this same message with our allies and partners around the world. In order for our message to have salience and credibility, we need to show that the United States continues to lead and will make a robust pledge to Afghanistan's ongoing development.

Lessons Learned and Progress of Reforms

We have a strong plan for the resources requested for FY 2017, strategically focusing our resources on a limited number of goals. In Afghanistan, among our core goals, we want to encourage more effective governance, continue to build a sustainable base for the economy, and improve upon gains in health, education, rule of law, and the rights of women and girls. This also includes continued efforts to improve the justice system, promote a greater role for Afghan women in all aspects of society, and address the serious problem of Afghanistan's narcotics trade. In the coming year we are also initiating new projects to improve Afghan security forces' respect for human rights.

We recognize the challenges of working in Afghanistan and have learned numerous lessons in the last decade. We know that for success to be sustainable we must empower the national government. The government and international donors agreed last September to focus on a specific set of measurable reform goals in the Self Reliance through Mutual Accountability Framework.

The United States is encouraging progress on these goals with incentive programs like the New Development Partnership (NDP), which rewards Afghan achievement of specified development results. The NDP is one way we are working to increase the capacity of the government while encouraging self-reliance and reform through the availability of incentives. USAID can provide more details, but I will say that the NDP was successful in its first year, with the Afghan government reaching 90 percent of the reform benchmarks we had set as incentives.

Another lesson we have learned relates to monitoring our programs in a difficult security environment. We are confident in the multi-tiered monitoring systems we have in place to ensure proper oversight, and we are committed to improving them. We asked the USAID Inspector General (IG) to review our monitoring procedures last year. The IG made constructive recommendations on how we can improve. We took swift action to implement those recommendations and stand by our monitoring approach.

Regional and Reconciliation

In addition to advancing our bilateral relations with Afghanistan, encouraging a constructive relationship between Afghanistan and Pakistan is enormously important to the future of the region. This is something the two governments have prioritized, and we have seen significant progress on this front, particularly since President Ghani's inauguration. Further, Afghanistan and Pakistan, with support from the United States and China, are working in cooperation to bring about direct reconciliation talks between the Afghan government and the Taliban. Although the path to securing an Afghan-led and Afghan-owned process is fraught with many challenges, I have heard directly from a wide range of Afghan and Pakistani leaders that a negotiated settlement is in everyone's interest. In this, Pakistan has an important, and constructive, role to play. In particular, we expect Pakistan to live up to its commitments made in the Quadrilateral Coordination Group, and to take deliberate and meaningful action against any and all militant groups that seek to destabilize Afghanistan, including the Haqqani Network.

Pakistan

Since 2011, we have worked through many difficulties in our relationship, and doggedly pursued our national interest. While much more work remains, I am convinced our engagement with Pakistan – despite the challenges – advances that national interest. Continued cooperation with Pakistan is essential if we are to achieve our objectives in the region: a negotiated settlement to the conflict in Afghanistan; strategic stability in the subcontinent; fostering greater economic connections; countering violent extremism; and defeating terrorists that threaten the U.S. and the region. Pakistan is strategically vital, due to its role in issues that matter to us, as well as its location at the crossroads of Afghanistan, India, China, and Iran. Pakistan is clearly a challenging partner; that said, it is incumbent on us to redouble our efforts to steer this relationship so that it advances regional objectives important to us.

We will continue our discussions – sometimes very difficult discussions – with Pakistan’s civilian and military leadership. We will continue to seek to build on areas with shared goals, while speaking clearly to our areas of concern. While acknowledging where our strategic objectives do not align, pursuit of our national interests requires that we stay engaged as Pakistan charts its long-term future. By adopting this approach and through our continued work, I believe it is possible to continue to achieve meaningful progress in areas of our core national interests over the coming years.

We discussed Pakistan at length in December and thus I want to avoid repetition, but instead focus today on relevant recent developments. In the last hearing, I recounted how Pakistan has made real strides in stabilizing its economy since 2013. Today, the government is continuing its operations against certain extremist and militant groups that threaten Pakistanis. The national and provincial governments have taken some cautious but positive steps on religious freedom and protection of women from domestic violence, expanding investment in education including for girls, and devoting more of its own resources to joint U.S.-Pakistan cooperative initiatives, including contributing to the Fulbright program in Pakistan. Engagement in education, including university partnerships, science and technology cooperation, and academic exchanges like Fulbright advances our foreign policy goals by helping Pakistan as it strengthens its own higher education as a foundation for growth, and by fostering emerging leaders and U.S.-Pakistan professional linkages in priority fields. These alumni become part of a self-sustaining network of Pakistanis with strong ties to the U.S. and an understanding of our values.

Pakistan has taken some notable actions in recent months. Punjab province passed an unprecedented law to protect women from domestic violence, mandate jail time for their attackers, and empower law enforcement to intercede in domestic disputes. Over the protests of Islamic extremists, following a judicial process the government carried out the execution of Mumtaz Qadri, who killed a prominent politician who was a critic of the country's blasphemy laws. For the first time, Pakistan this year declared Easter and the Hindu holiday of Holi as national holidays.

These actions have met strong and sometimes violent resistance from extreme elements within Pakistani society. This year's Easter suicide bombing in Lahore killed scores of innocent Christians and Muslims, including many children. Simultaneously, protesters objecting to Qadri's execution besieged Pakistan's parliament and demanded that the government uphold the blasphemy law and sentence those guilty of violating it to death. Voices opposed to the strengthened legislation to address gender-based violence in Punjab continue to take measures designed to overturn the law. However, the Pakistani government has broadly stayed the course. It is in our interest to continue our work with those actors seeking positive change – both civilian government and civil society – through U.S. civilian assistance.

As you know, in 2014, the Pakistani military launched an ongoing operation that has significantly disrupted many terrorist safe havens. However, the operation has resulted in more than 700,000 internally displaced persons. Supporting the dignified return and reintegration of the displaced, including through U.S. civilian assistance, will also diminish the allure of militants and promote stability in this volatile area.

We need to continue to support Pakistan's counterinsurgency (COIN) and counterterrorism (CT) capabilities. U.S. security assistance has already proven to be of significant benefit to Pakistan's military operations in the Federally Administered Tribal Areas (FATA), where Pakistan has deployed more than 180,000 soldiers to clear out militants and reestablish government control over the area. The Pakistan Air Force reports having flown thousands of sorties, dropping more than 800 U.S.-provided Guided Bomb Units (GBUs), and killing more than 1,700 terrorists. The use of precision munitions has greatly minimized collateral damage, including civilian casualties.

Pakistan has achieved some measure of greater security and stability, with deaths due to violence dropping 40 percent in 2015, sectarian violence dropping 35 percent, and the lowest number of militant attacks since 2008. Pakistan continues to work with us in dismantling al-Qa'ida, including the arrest last week of senior al-

Qa'ida leader and financier Abdul Rehman Sindhi, who was one of the key suspects in the murder of American journalist Daniel Pearl, and was placed on the United Nations Security Council al-Qa'ida sanctions list in 2012. We continue to press Pakistan to take action against *all* terrorist groups, including the Haqqani Network, Lashkar-e-Tayyiba and Jaish-e-Mohammed.

We share the subcommittees' disappointment in progress against these groups and continue to voice our concerns with Pakistani leadership often. We will not be satisfied until Pakistan makes a decisive shift in its policy toward these externally-focused groups, nor will Pakistan's struggle with terrorism come to an end.

As Pakistan takes modest but important steps on issues like terrorism, gender-based violence, religious freedom, and its economy, it is important that we remain engaged. Robust civilian and security assistance is key to sustaining cooperation and progress in areas that support our interests. Our security assistance supports Pakistan's counterinsurgency and counterterrorism operations. Our civilian assistance is helping Pakistan boost growth and development but also working to transition Pakistan from needing assistance altogether – through programs that encourage economic reform, support to small and medium enterprises, and efficiency upgrades to its energy sector.

As part of a wider endeavor to support vulnerable populations in Pakistan, we fund civil society and support shelters for victims of gender-based violence. And we facilitate, through our assistance, increased trade and investment that brings together the business communities of our two countries.

Challenges

While I am optimistic that we are on the right track to achieve our goals in the region, I also want to acknowledge the many challenges we face.

Afghanistan remains one of the poorest countries in the world, and it is an extremely difficult environment for development work. We continue to confront opposition from a resilient Taliban; limited capacity among many of our government partners constrains the pace of progress; and, pervasive corruption risks eroding public trust in the government.

We, and the Afghan government, are working to address these issues, and we are seeing positive change. Yet, we need realistic expectations about the pace of these changes. We should anticipate some rough patches. There will be moments in the

weeks and months ahead when the news will be bad. There will be reports of Taliban battlefield successes, and we will see stories about official corruption and political infighting.

We have learned over the past fifteen years that developments in Afghanistan seldom follow a linear path. There are good days and bad days, but we are also certain that the overarching trend is positive. Afghanistan today is hardly recognizable in comparison to the war-ravaged country in 2001.

In Pakistan, we will continue to see instances where our cooperation is difficult, and our interests do not immediately align. Regional relationships, between both India and Pakistan, and Afghanistan and Pakistan, will remain challenging. You may become frustrated by these discouraging signals, and feel that our resources could serve us better elsewhere.

But sustained engagement with Pakistan is critical to a reconciliation process in Afghanistan, to bolstering their economic reforms, and to supporting brave Pakistani men and women who fight to advance human rights, including religious freedom, against stiff resistance. This is where sustained assistance and engagement has paid dividends and provided encouragement to Pakistanis, inside government and out, that positive, tangible results are in our shared interest and compatible with our democratic values. We expect setbacks, but we will continue to work hard to facilitate stability, and a durable peace in the region, where Pakistan plays a productive role.

Thank you for the opportunity to address your subcommittees. I look forward to our discussion today, and welcome any questions you may have.