

WRITTEN TESTIMONY

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House Foreign Affairs Subcommittee on the Middle East, North Africa, and Central Asia and Subcommittee on the Indo-Pacific
"FY 2024 BUDGET REQUEST FOR SOUTH AND CENTRAL ASIA"

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Introduction

Chairman Wilson, Chairwoman Kim, Ranking Member Phillips, Ranking Member Bera, and distinguished committee members: Thank you for inviting me to testify on the U.S. Agency for International Development (USAID)'s role in advancing U.S. foreign policy priorities in South and Central Asia and our FY 2024 Budget Request.

The South and Central Asia subregions are home to some of the world's most pressing challenges that impact countries far beyond their borders, including intensifying climate crises, long-standing conflicts that disrupt livelihoods, and tangible threats to sovereignty in a region significantly affected by ripple effects emanating from the People's Republic of China (PRC) and Russia. These regions are also home to enormous reservoirs of opportunity, with growing demand for regional cooperation, improved democratic governance, and responsible stewardship of natural resources.

Our approach to the region starts not with the question of what we are *against* but rather the question of what we are *for*. We are clear-eyed about the PRC's capabilities and intent to wield its financial, economic, political, and military power to advance its own interests and rewrite, for its own narrow advantage, existing regional and global rules, and norms. Russia, through coercion and aggression, pursues a similar objective in this region and around the world. But the United States offers an alternative approach. The United States is committed to advancing a shared vision for a free and open, connected, prosperous, secure, and resilient region. USAID is eager to work alongside our partners in both subregions to help the region's leaders meet emerging demand signals, building on decades of work in the region that have improved the lives of millions of people.

Our FY 2024 budget request supports the overarching development principles laid out in the President's *Indo-Pacific Strategy (IPS)* and *Central Asia Strategy (CAS)*: improve resilience to health and climate threats; foster sustainable, inclusive, and transparent economic growth; and strengthen democratic institutions to support good governance and human rights. The requested increases in climate, energy security, and economic growth funding in the region are directly responsive to demand from our partners in government, civil society, and the private sector, who consistently raise these areas as opportunities for additional support and engagement.

In South Asia, this request places a premium on building regional cooperation with and through India, a key friend and strategic partner, and an emerging provider of development assistance in the region and globally. The request also seeks to improve regional cooperation to address the climate crisis to mitigate, and hopefully prevent, losses of lives and livelihoods as we all painfully witnessed in Pakistan's floods of 2022. In Central Asia, we aim to improve intra-

regional cooperation by strengthening and institutionalizing linkages among the five Central Asian states and the West, mitigating the economic impact of Russia's brutal invasion of Ukraine, and helping our partners fulfill their desire for economic diversification.

Over the past two years our assistance has staved off the worst forecasts of famine in Afghanistan. The humanitarian and economic situation, however, in Afghanistan remains deeply concerning. It is imperative that USAID do everything within its power to help vulnerable populations who are suffering, including women and girls and members of ethnic and religious minority communities. The Taliban's hardening stance on women and girls is deplorable, and USAID will continue to assist critical needs of Afghans, including those of women and girls.

The development challenges of today are more formidable than those the world has faced at any time since World War II, with significant implications for America's national security. Due to the generous bipartisan support of Congress, and this committee in particular, USAID stands at the forefront of U.S. Government efforts to address these challenges and provides affirmative global leadership in alignment with U.S. National Security Strategy priorities. Our ability to translate our development and humanitarian assistance into progress beyond programs is key to achieving long-lasting prosperity and stability for our partners as well as for the United States.

Priorities

The President's FY 2024 budget request for USAID includes **\$1.03 billion** for South and Central Asia in the Development Assistance, Economic Support Fund (ESF), Assistance for Europe, Eurasia, and Central Asia (AEECA), and Global Health Programs-USAID accounts. This is a \$3.7 million increase over the FY 2023 request. In addition, the FY 2024 budget request includes new multifaceted mandatory resources to out-compete the PRC and strengthen our role in the Indo-Pacific.

More broadly, the climate crisis has become a threat multiplier. Drought and heavy rains are restricting countries' ability to feed themselves. Hunger and food security concerns have only increased as the Kremlin's war of aggression in Ukraine continues to disrupt global supply chains. The FY 2024 budget request also reflects an increase in climate funding throughout the region, including for Pakistan. The request seeks to strengthen climate security and resilience, including support for India's emerging leadership role in this area, through increased funding for clean energy and adaptation. The devastating 2022 monsoon flooding in Pakistan, which killed over 1,700 people and plunged 8.6 million people into crisis levels of acute food insecurity, underscored the region's vulnerability to the climate crisis.

In line with Administration priorities, the FY 2024 request prioritizes 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. These include boosting inclusive economic growth, especially regarding post-COVID-19 recovery and including support for free and open emerging digital technologies and connectivity; continuing to address challenges posed by climate change; strengthening democratic institutions and norms against authoritarianism, corruption, disinformation, and

coercion; and bolstering women's economic empowerment, gender equity, and human rights. In addition, USAID will continue to strengthen health systems to detect and respond to emerging threats, strengthening global health security.

Funding will support the Indo-Pacific Economic Framework for Prosperity (IPEF) in the SCA region, working with allies and partners to address cutting-edge issues of importance such as the digital economy, clean energy, and infrastructure.

I will now detail the FY 2024 budget request by strategic sector and share several country highlights.

Supporting Basic Needs in Afghanistan

USAID is going to great lengths to continue to alleviate the worst impacts of the ongoing humanitarian and economic crises in Afghanistan by supporting the Afghan people's most critical basic needs: namely, health, education, and food security/livelihoods. We will also continue to focus on human rights and the protection of women and girls.

The FY 2024 request for USAID's work in Afghanistan is **\$134.9 million**. This is a \$123.1 million, or 48 percent, decrease from the FY 2023 Request, but a straight line from the FY 2022 Actual. USAID remains committed to delivering assistance to the most vulnerable Afghans. We will continue to collaborate with other international donors to support Afghanistan through multi-donor trust funds and Public International Organizations to leverage the fiduciary controls, implementation capabilities, and monitoring platforms of our partners.

FY 2024 resources will preserve gains made in the areas of health, education, livelihoods, human rights, civil society - with a focus on the protection of women and girls and human rights more broadly - as well as elevate the status of women and girls.

For example, according to the United Nations, 1.2 million women and girls—nearly half of all school-aged women and girls in Afghanistan—were denied access to secondary schools and universities following the Taliban's December 2022 edicts prohibiting women and girls' from pursuing an education. USAID did not give up on Afghan students. Thanks to our support to the American University of Afghanistan between February 2021 and December 2022, more than 1,313 students – 676 of whom are women – enrolled in the university and have since earned degrees.

USAID is fully cooperating with the Special Inspector General for Afghanistan Reconstruction (SIGAR) and has long been—and remains—committed to helping SIGAR fulfill its important statutory mandate. We have a well-documented history of full cooperation with SIGAR and have continuously provided information about USAID reconstruction assistance to Afghanistan since SIGAR's inception in 2008.

Consistent with President Biden's deep commitment to transparency for the American people, USAID believes in the importance of inspectors general to protect against fraud, waste, and

abuse. USAID is committed to cooperating with all oversight bodies—including SIGAR, Congress, and both State and USAID’s Inspectors General—within their respective statutory mandates.

Moving forward, USAID will continue to provide SIGAR information about assistance for Afghanistan in the spirit of transparency and cooperation. We will also continue to cooperate with the oversight by Congressional committees, our own Inspectors General, and the Afghanistan War Commission when it begins its review.

Building Cooperation with India

The Biden-Harris Administration recently welcomed Prime Minister Narendra Modi to Washington D.C. in a historic display of increasing strategic bilateral cooperation between our two countries. The U.S.-India relationship is critical to America’s security and prosperity in the 21st century and will be vital to addressing challenges from strategic competitors.

The United States has invested in India’s development since President Harry Truman signed the India Emergency Food Assistance Act in 1951, four years following India’s independence. USAID’s mission in India has been part of USAID since the Agency’s inception in 1961, making it among USAID’s very first Missions to exist.

This partnership has evolved over the past several decades and today, we’re building on our collaboration and cooperation in new ways that match India’s record of innovation and leadership, identifying solutions that can serve as models for the world, that can be scaled and replicated, in developing and developed countries alike.

With this shared vision, we are tackling some of the world’s most pressing challenges together. From efforts to improve global health security to tackling climate change and advancing a free and open Indo-Pacific, the United States and India are collaborating across nearly every field of endeavor to improve the lives of our peoples.

South Asia

In South Asia, USAID’s FY 2024 budget request includes \$581.4 million for DA, ESF, and GHP-USAID funds, which is a \$100 million increase, or 21 percent over the FY 2023 request. South Asia is home to nearly a quarter of the world’s population, including Asia’s oldest democracy—Sri Lanka—as well as the burgeoning global power of India. It is also a primary theater for the PRC’s mounting geopolitical influence while presenting significant opportunities and challenges for U.S. national security, foreign policy, and development assistance.

The region remains one of the least integrated in the world, with its primary regional body, the South Asian Association for Regional Cooperation (SAARC), largely defunct due to geopolitical tensions between member states. To address this gap, USAID will work in close collaboration with the State Department, the National Security Council, and other U.S. agencies to identify

alternative regional networks, with a focus on integration, regional connectivity, and cooperation on addressing regional threats.

This budget request is designed to allow USAID to advance inclusive, broad-based economic growth, a critical factor for enabling and supporting democratic governance that delivers for the people. While resourcing all elements of our *Indo-Pacific Strategy* is an Administration priority, funding to advance our economic strategy in the region is our top resource need. USAID will continue bilateral and regional coordination with the Australia-India-Japan-U.S. “Quad,” and other groupings, and the request will also support India’s continued development as a regional and global leader supporting shared objectives.

Our assistance will protect and safeguard our partners’ sovereignty and economic decision-making by promoting democracy, the rule of law, transparency, accountable governance, healthy civil society, and independent media, as well as by addressing the growing threats of climate change. Our programming across the region focuses on creating an enabling environment for democracy to flourish, advancing and protecting human rights, and designing and implementing strong governance programs.

Under the FY 2024 budget request, USAID prioritizes current and emerging challenges in the South Asia region that include addressing the root causes of climate change; bolstering gender equality and human rights; promoting democratic institutions and transparency, supporting independent media and countering disinformation; fostering inclusive economic growth in the wake of COVID-19; and enabling free and open digital technology and connectivity.

For example, the South Asian power sector has the potential to reduce its carbon footprint by an estimated eight percent by 2040 with enhanced regional power trading and grid integration in clean energy sectors. In 2022, USAID and the Indian Ministry of Power launched the South Asia Energy Database, a new knowledge resource platform which will enhance cross-border energy trading by improving user-friendly data sharing across eight South Asian countries: Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka. The new Database enables policy makers, utility companies, industries, researchers, and investors to easily access data and make informed decisions related to the energy sector, leading to increased energy trade and efficiencies across the region.

In Bangladesh, gender-based violence (GBV) frequently prevents women, girls, and members of gender diverse populations from fully participating in society and reaching their full potential. One in four women and girls face GBV in rural areas of Bangladesh. In 2022, USAID trained thousands of family planning service providers across half of Bangladesh’s districts to better respond to instances of GBV and offer gender-sensitive counseling to the more than 17 million married couples of reproductive ages within their communities. We will also continue to provide women in the ready-made-garments sector with access to upskilling opportunities and increased understanding of their rights and protections.

Nepal is a focus country for the Biden Administration’s efforts to support strong developing

democracies around the world. The FY 2024 request positions USAID to catalyze Nepal's efforts to improve its own democratic systems and infrastructure, while playing the critical role of a geostrategic partner to the US within the context of the pressures of its two neighbors. For example, external malign actors (including governments, cybercriminals, and hackers) are poised to exploit cyber vulnerabilities to manipulate Nepal's political outcomes. USAID supported the Election Commission of Nepal to conduct training for their district and provincial officials across the country on the use of a new biometric voter registration system to identify, prevent, and mitigate cybersecurity threats and ensure elections are free and fair. Overall voter registration increased by 7 percent, and over 1.2 million people cast their vote for the very first time in the 2022 elections.

Notably, the FY 2024 request includes \$126 million for economic growth and agriculture in South Asia, which is a \$38 million increase, or 43 percent over the FY 2023 request. This is one of the most acutely felt needs in the region, not only to support countries as they recover from recent crises but also to diversify their markets and generate stable trajectories toward inclusive growth.

In Sri Lanka, USAID is the largest bilateral donor leading the implementation of the macroeconomic reforms required by the IMF's agreement with the Government. We are supporting sustainable private sector growth as a means of addressing Sri Lanka's economic stressors. We have worked in lockstep with multilateral partners in the region to help Sri Lankans emerge from a food security crisis, and the Mission is taking new steps to establish a sustainable market-based agriculture economy that will improve livelihoods while reducing the country's vulnerability to future food shocks.

USAID will help partners strengthen health systems to withstand future shocks and increase countries' capacities to prevent, detect, and respond to infectious diseases and other global health security priorities. FY 2024 resources will also help address tuberculosis and other endemic diseases, and support improvements in nutrition and maternal and child health. Thanks in part to more than a decade of USAID support, Bangladesh has eliminated lymphatic filariasis – known more commonly as elephantiasis – and is one of the largest countries in the world to reach the World Health Organization's (WHO) threshold of eliminating this neglected tropical disease.

This request also equips USAID to build climate-resilience into all our programs. We saw how catastrophic floods devastated Pakistan in 2022. More than 17,000 schools were destroyed or damaged. An exception to this trend: all 84 state-of-the-art education facilities that USAID constructed under the Sindh Basic Education Program remained standing after the floods. Because these climate-resilient schools had been constructed with structural integrity, they were able to double as temporary shelters.

These shelters offered a dry and warm place to rest, basic first aid, and continuity of education classes to approximately 17,000 community members. USAID's high-quality construction provided proof-of-concept for sound infrastructure as a crucial ingredient to climate resilience –

not only providing a continuous service to the community but saving the host-government millions of rupees in school rehabilitation. Further, the public-private partnership model enabled immediate response and community engagement to efficiently provide lifesaving services to destitute communities.

Central Asia

Central Asia sits at the convergence zone of four of the planet's great geo-strategic and geo-economic tectonic plates, bound by Russia, the PRC, Afghanistan, and Iran. In Central Asia, as elsewhere, these plates are moving as we enter a new era of strategic competition, with new fissures, earthquakes, and subduction zones driving new thinking in the region about how to build and sustain a stable, peaceful and prosperous future.

At the same time, the region presents abundant opportunities. With an estimated 60 percent of the population under 30 and Russia's unjust war in Ukraine prompting leaders in the region to look elsewhere for more reliable partnerships, a new Central Asia is emerging. Central Asians are seeking greater partnership with the U.S. on strategic priorities such as economic integration and diversification, and clean energy transition. Indeed, our work in Central Asia is emerging as proof that development principles grounded in pluralistic values, good governance, and economic inclusion can deliver greater resilience, diversified economies, and stability based on partnership and participation in the rules-based international order.

The FY 2024 Request for the Central Asia region is **\$195.1 million**. With FY 2024 funds, USAID will continue to address significant economic shocks and food security challenges, as well as support emergent democratic voices, counter terrorism, protect human rights and independent media, and strengthen civil society actors facing challenges linked to disinformation campaigns and civil society enabling environment. Economic Growth support is essential to help these countries thrive without dependence on Russia or the PRC.

The FY 2024 request also includes increased resources to support the Biden Administration's priority of addressing climate change in the region, especially in the areas of renewable energy and adaptation, which hold great potential in Central Asia. USAID assistance will reduce emissions, adapt programs vulnerable to weather and climate impacts, protect critical ecosystems, help our partners transition to renewable energy, and build resilience against the impacts of climate change. Kazakhstan, for example, has set a goal of reaching 50 percent renewable energy by 2050, but is almost 70 percent reliant on coal. USAID helped launch the region's first competitive auctions for renewable energy projects to reduce the cost of electricity and attract modern technologies and investors, bringing the total amount of new private sector investment mobilized to \$2.2 billion.

This request supports USAID's work with both the interagency and our host government counterparts to advocate for rights, freedoms, and protections; and where possible, support activists, journalists, and citizens facing intimidation and threats. Media outlets and content producers throughout the region are often subject to government pressure and self-censor for

fear of legal action. USAID is seeking innovative solutions to reach purveyors of fact-based information, and recently supported the launch of a bilingual Uzbek-Russian language online platform that educates journalists, bloggers, and the media about their rights and responsibilities and provides free legal consultations to those in need of assistance. This information has reached over 100,000 people, including media professionals, journalists, and bloggers, in Uzbekistan.

Given Central Asia's young population, USAID's economic growth work is critical to not only assist stable job creation and income generation for returning labor migrants, but also to ensure that the countries' youth have a viable pathway to employment, mitigating the need to emigrate abroad or to join extremist groups as has happened in the recent past.

This request empowers USAID to support economic growth and the Central Asia Strategy through sectors such as trade and investment, private sector productivity, and digital connectivity. In Tajikistan, for example, USAID worked with 100 agribusinesses in the dairy and horticulture value chains to unlock more than \$1.5 million in private capital. These efforts benefited more than 18,000 entrepreneurs with businesses of various sizes. Approximately 40 percent of these entrepreneurs are women, which is significantly higher than the reported 25 percent of women entrepreneurs in the sector. And in just the past two years in the Kyrgyz Republic, USAID assistance was the catalyst for 11 percent of all new jobs created in the country. USAID's economic growth assistance will continue to play an essential role in the region's efforts to diversify markets, reduce reliance on Russian markets, and increase employment opportunities.

Conclusion

USAID remains committed to the people of South and Central Asia. 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. Our efforts aim to contribute to greater stability and economic opportunity for all. Thank you for the opportunity to appear before you today. I look forward to your counsel and questions.