

WRITTEN TESTIMONY

**Ānjali Kaur, USAID Deputy Assistant Administrator for Asia**

House Foreign Affairs Subcommittee on the Middle East, North

Africa, and Central Asia and Subcommittee on the Indo-Pacific

***“Examining the President’s Fiscal Year 2025 Budget Request for South and Central Asia”***

July 23, 2024

*Introduction*

Chairman Wilson, Chairwoman Kim, Ranking Member Phillips, 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 South and Central Asia and our fiscal year (FY) 2025 Budget Priorities.

South and Central Asia face 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. At the same time, these regions are home to enormous opportunities and growing demand for strong regional cooperation, improved democratic governance, and responsible stewardship of natural resources. Our partners in South and Central Asia are essential for the United States as we seek positive, shared development outcomes that bolster regional stability and security, and help generate prosperity here at home.

In an era of global competition, our FY 2025 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. Our approach 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 development. We are wholly focused on advancing an affirmative vision for open, transparent, and rules-based societies in the places where we work, and development assistance plays 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.

As a partner and as a friend, the United States offers this region mutually beneficial and transparent collaboration. Bipartisan support for development assistance makes Americans safer and more prosperous—and provides a critical foundation for U.S. leadership in a world where other global powers work aggressively to erode U.S. alliances, undermine democracy, and diminish basic rights and freedoms. 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, it advances shared values and interests with partner countries, and drives sustainable development progress that aligns with local priorities.

*USAID FY 2025 Budget Priorities for South and Central Asia*

The President’s Budget requests \$832.9 million in FY 2025 for South and Central Asia including Afghanistan and Pakistan. This is a \$14.5 million decrease, or 2 percent below the FY 2023 enacted

levels. As Administrator Power noted in her testimony on this budget request, we recognize the need for tradeoffs. At the same time, the region needs U.S. leadership to advance models of development and governance that honor freedom, transparency, human dignity, and opportunity for all. 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, which are described below.

This request will help our partners strengthen **good governance and basic service delivery** to support democracy, preserve human dignity, increase disability inclusion, 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 and democratic development.** In **Afghanistan**, USAID will continue to alleviate the worst impacts of the ongoing humanitarian and economic crises by supporting the Afghan people's most basic needs: health, education, livelihoods. We will also continue to focus on human rights and the protection of women and girls and persons with disabilities.

For Central Asia, the FY 2025 Request is \$176 million, which is \$18.9 million (10 percent) lower than the FY 2023 enacted levels (which included Ukraine supplemental funds). For South Asia (excluding Afghanistan and Pakistan), the FY 2025 Request is \$480.2 million, which is a \$18.2 million increase, or 4 percent above the FY 2023 enacted levels. For Afghanistan, the FY 2025 Request is \$96 million, which is a \$14 million decrease, or 13 percent below the FY 2023 enacted levels. For Pakistan, the FY 2025 Request is \$80.8 million, nearly a straight line from the FY 2023 enacted levels.

#### *Connectivity and Economic Growth*

USAID's FY 2025 request includes \$165 million for economic growth in South and Central Asia, which is a \$10 million increase, or 6.5 percent over FY 2023 enacted levels.

Sustainable, inclusive economic growth is essential for countries to deliver for their people. Continued economic activity is also critical for sustaining community resilience in the midst of conflict. This budget will support countries 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 advance disability inclusion, gender equality and women's empowerment priorities alongside economic growth. In line with the Indo-Pacific Economic Framework and the C5+1 platform, USAID will support trade and investment, private sector productivity, and digital connectivity. These issues are essential to U.S. competitiveness, and USAID will assist countries as they recover from recent crises and diversify their markets, helping our partners create a more stable economic trajectory.

South Asia. As one of the fastest-growing regions in the world and home to nearly one-quarter of the world's population, South Asia needs to improve energy access and availability, especially in the form of electricity, to sustain its expanding economies and its people's rising aspirations. However, regional energy trade is limited by disparate regulations and policies, and countries still rely heavily on coal and

gas. With FY 2025 funding, USAID will improve the enabling environment for U.S. and international investments in clean energy infrastructure across South Asia. Through the South Asia Regional Energy Partnership (SAREP), our flagship regional energy program, USAID will accelerate cross-border energy trade and enhance regional cooperation. This work builds on existing partnerships to expand and strengthen regional energy infrastructure. In 2023, for instance, USAID helped neighboring countries make informed decisions in the Indian day-ahead market, reducing the cost of power procured and maximizing the profits from sale of power. As a result, Bhutan purchased 606 million units from the Indian power exchange during its harshest winter months, a sufficient amount to meet the needs of around 135,000 households. In the same year, Nepal sold 300 million units of its excess clean hydropower in the Indian power markets, which helped reduce 72.6 million kg of GHG emissions in India.

Central Asia. With FY 2025 funding, USAID will continue to lead efforts in Central Asia to expand U.S. leadership and mobilize coalitions to address global challenges. USAID will support the sovereignty and independence of Central Asian countries, and the C5+1 Initiative to bring Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan into greater collaboration with the United States. FY 2025 resources will strengthen and institutionalize linkages among the five Central Asian states, and provide an opportunity for the United States to serve as a reliable alternative to Russia and the PRC.

USAID's economic growth programs in Central Asia remain overwhelmingly popular and increase positive perceptions of the United States by helping countries tangibly increase and diversify economic opportunity for their people. USAID increases more diversified trade, scales up job and business creation interventions in local industries to give workers, including women, youth, and persons with disabilities more domestic employment opportunities so they do not need to migrate to Russia, and so migrants returning home from Russia are able to find gainful employment.

#### *Climate Change*

The FY 2025 budget requests \$78 million for climate in South and Central Asia, which is a \$32.4 million increase, or 70.9 percent over FY 2023 enacted levels.

The FY 2025 request emphasizes the Biden-Harris Administration's priority of addressing climate change. USAID assistance will address our partner's most pressing climate challenges, helping them to reduce emissions, protect critical ecosystems, conserve biodiversity, implement legal and regulatory reforms, mitigate resource conflicts, transition to renewable energy, and build local communities' resilience. Importantly, the request also supports India's role as a regional leader on climate change.

Nepal. After decades of power deficits, Nepal faced a critical need for energy self-sufficiency and export opportunities. FY 2025 funding will support clean-energy programming; improve cross-border energy trade; energy sector planning processes; displace fossil-fuel-based energy usage leading to greenhouse gas emission reductions; and move forward advanced urban energy systems, including improved distribution and transmission, electric mobility and electric cooking. USAID will complement the Millennium Challenge Corporation Compact and bolster local efforts to provide affordable, reliable, and secure power while driving increased private-sector investment into clean energy generation, including solar power and hydropower. Nepal's potential to consistently generate an energy surplus unlocks benefits not only for its domestic energy consumption but also by enabling clean energy exports to neighboring countries. USAID support to the Government of Nepal helped the country achieve a power surplus for the first time in 2021, selling 37.7 MW to India in June 2022 and raising it to 140 MW just days later. By 2022, Nepal had earned NPR 14.5 billion (USD 120 million) from electricity exports,

enough to fund a new 230 MW power plant. Building on these achievements, FY 2025 funding will continue to improve energy access for Nepalis and nurture economic growth from energy generation and exports.

Central Asia. Central Asia is predicted to be the region most affected by climate change within Eurasia. Resultant changes in critical resources, such as water - used for clean energy and agribusiness - have already led to cross-border conflict. However, there is a huge potential for catalytic economic growth for the entire region. In Central Asia, USAID will engage with Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan to further develop and manage these countries' critical natural resources. Funds will also strengthen regional cooperation on managing shared resources, including the efficient and equitable use of water, and introduce and facilitate the adoption of water-saving technologies to promote regional stability, economic prosperity, nutrition, and public health.

#### *Democratic Governance*

The FY 2025 budget request includes \$129.6 million for democracy, human rights, and governance in South and Central Asia, which is a \$4.6 million decrease, or 3.4 percent below the FY 2023 enacted levels.

Transparent and accountable democratic reforms and respect for human rights are critical to sustainable development outcomes. Though the operating environment for democracy and governance work can be challenging in South and Central Asia, our strong, continued bilateral and regional partnerships allow us to capitalize on opportunities to help create open spaces and protect freedoms, particularly for marginalized populations, including LGBTQI+ communities. With FY 2025 funding, USAID will continue to strengthen democratic institutions, counter corruption, support human dignity, and promote a free press and an engaged and empowered civil society. USAID partners to advocate for rights, freedoms, and protections; and where possible, support activists, journalists, and citizens facing intimidation and threats.

Maldives. U.S. assistance will continue to advance Maldives as a secure, stable, and sovereign Indo-Pacific partner of the U.S. Government by fostering good governance reforms. USAID will support the Republic of Maldives to bolster efficiency of the government and the justice sector to improve transparency, accountability, and access to justice. With FY 2025 resources, USAID will advance initiatives that engage citizens as active participants in democracy to ensure the sustainability of Maldivian democratic reform efforts, strengthen local governance and increase respect for human rights. USAID will support civil society organizations to better serve as oversight institutions and promote their engagement with the government on human rights; civic education; and strengthening citizen engagement in democratic processes.

Nepal. Amid political instability, regional malign actors, targeted misinformation, and corruption threatening progress in Nepal, U.S. assistance will strengthen Nepal to better assert its democratic and economic sovereignty and promote greater stability in the Indo-Pacific region. In the governance space, USAID will promote transparent and inclusive governance, a free and independent civil society that holds the government accountable, and strengthened rule of law to deter transnational organized crime and promote human rights. USAID will advance more inclusive and sustainable growth; promote free, fair, and open trade and transparent investment; promote e-governance solutions to enhance government service delivery, and help the government show its constituents that democracy delivers. This work builds on a longstanding history of successful partnerships to advance good governance in Nepal. USAID has helped local governments reduce unreported spending by 20 percent, train election

officials and reach hundreds of thousands of Nepalis with civic education to reduce mis/disinformation and hate speech, and increase local government spending on basic services like clean water and sanitation in remote communities.

Kazakhstan. With FY 2025 funding, USAID will support Kazakhstan's increasing efforts to exercise its sovereignty and independence while adopting a wave of reforms based on the president's vision to address the political, social, and economic needs of its citizens. USAID will build the capacity of civil society organizations at the national and local levels to work effectively with the government to strengthen people's rights in the social, economic, and political spheres. Support to local media will foster the creation of relevant, fact-based content, reduce the interference of Russia and other external actors, and support independent media outlets to achieve greater financial sustainability. Over the past five years, USAID contributed to reduced consumption of Russian media by as much as 10 percent across the region, and helped Kazakhstan outline necessary steps to ensure national security in the information space and develop media and information literacy among the public. Additionally, USAID seeks to use FY 2025 funding to continue our Parliamentary Strengthening work that seeks to create a more independent legislative body able to elevate their constituents' concerns and engage in citizen-centered lawmaking. USAID will also aim to reduce trafficking in persons, promote safe migration, and build the capacity and commitment of our partners and communities to prevent and counter violent extremist threats.

Sri Lanka. USAID will use FY 2025 funds to strengthen Sri Lanka's democratic and economic governance, promote anti-corruption initiatives, enhance transparency, and improve the effectiveness and efficiency of government processes. USAID will support Sri Lanka's diverse citizens to foster a democratic culture with active civic engagement. U.S. assistance will advance the development and application of sustainable and efficient fiscal and monetary policies, including implementation of anti-corruption legislation, Parliamentary oversight through Sectoral Oversight Committees and Budget Office. USAID will further strengthen public financial management practices to support macro fiscal reforms and advance the implementation of critical reforms enabled through the passing of the recent Electricity Act, a flagship achievement under ongoing reform efforts in the power sector. FY 2025 resources will advance rule of law and oversight of the justice sector by enhancing the capacity of personnel and institutions to reduce case backlogs.

Bangladesh. With FY 2025 USAID will advance democracy, protect civic space, advance labor reforms, defend human rights, and assist Bangladesh in becoming a more inclusive, democratic, prosperous, and resilient partner. FY 2025 funding will play a vital role in strengthening citizen-focused democratic and accountability systems in rule of law, governance, and political consensus building, especially at the subnational levels. Funds will support a more transparent and inclusive democratic system and access to justice, especially for women, youth, and other marginalized groups. Furthermore, USAID will address shrinking democratic space by empowering citizens to advocate for themselves, improve economic governance and related checks and balances, strengthen civil society as watchdogs, and promote labor rights and reforms. USAID will also support host communities impacted by the influx of Rohingya refugees, focusing on conflict resolution, access to justice, and enhanced public services.

### *Health*

The FY 2025 budget request includes \$272.7 million for GHP-USAID in South and Central Asia, which is a \$2.3 million increase, or 1 percent over FY 2023 enacted levels. 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. USAID will help address tuberculosis and other endemic diseases, and support improvements in nutrition, maternal and child health as well as voluntary family planning and reproductive health.

### *Gender Equality and Women's Empowerment*

The FY 2025 budget request includes \$180.4 million in gender attributions for South and Central Asia, which is a \$15.9 million decrease, or 8.1 percent below the FY 2023 enacted levels. USAID will continue to support gender equality and women's empowerment, a fundamental human right 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 through support to key local actors across South and Central Asia, as well as Afghanistan and Pakistan. We will increase women's political, civic, and economic engagement; address gender norms and systems that perpetuate inequalities; and combat gender-based violence.

### *Pakistan and Afghanistan*

Afghanistan. For Afghanistan, the FY 2025 USAID (ESF and GHP-USAID) request for Afghanistan is \$96 million. This is a \$14 million decrease, or 13 percent under the FY 2023 Enacted Level.

With the FY 2025 request, USAID seeks to alleviate the worst impacts of the ongoing humanitarian and economic crises by supporting the Afghan people's most basic needs: livelihoods, health, and education. USAID will continue to provide critical support to Afghan students, educators, and education institutions. USAID will continue to support Afghan livelihoods through agriculture and economic growth, especially for women farmers and workers. FY 2025 funding will support civil society organizations and media to protect the civic space, including basic freedoms of association and access to information, and also protect victims of gender-based-violence and trafficking-in-persons. USAID's health assistance will focus on maintaining basic service delivery, particularly reproductive and maternal health, family planning, prenatal and neonatal care, nutrition, tuberculosis prevention and treatment, and infectious disease surveillance and response. Across all of this work, USAID's commitment to advancing the well-being of Afghan women and girls will persist, encompassing a comprehensive approach across various sectors and dedicated gender-focused initiatives. USAID will leverage its efforts to help the Afghan people navigate political and economic challenges and strive for a more prosperous and inclusive future.

Importantly, USAID takes its duty as a steward of U.S. taxpayer funding seriously and upholds implementing partners to the highest standards to ensure that funds are used wisely and effectively. Disbursement and expenditure of all funds are carefully tracked and monitored to meet the intended purposes. USAID continues to assess the operational environment in Afghanistan to ensure assistance does not reach the Taliban. No USAID programs or activities provide direct assistance to the Taliban or to individuals or entities associated with the Taliban.

Pakistan. For Pakistan, the FY 2025 request is for \$80.8 million, which is nearly a straight line from the FY 2023 enacted levels. USAID's work in Pakistan supports a more resilient, gender equitable, inclusive, and prosperous Pakistan. The FY 2025 request for Pakistan will continue to advance broad-based climate-resilient economic growth, inclusive democratic governance and accountability, healthy and educated

population, and recovery from the 2022 floods, in line with U.S. and Pakistani priorities. USAID will help Pakistan strengthen its climate resilience, pursue energy transformation, and foster inclusive economic growth through the U.S.-Pakistan “Green Alliance”. Through this framework, our two countries jointly partner on agriculture, water, and clean energy to better address the country’s climate, environment, and economic needs. USAID will strengthen private sector-led growth and investment, and enhance inclusive access to economic opportunities. USAID will continue to partner with Pakistan and strengthen the country’s education system to address critical challenges in literacy and attendance rates by improving access to quality services, with an emphasis on girls and underprivileged communities.

### *Conclusion*

USAID is committed to the people of South and Central Asia, Afghanistan, and Pakistan. This budget request allows us to provide the necessary resources for USAID to deliver for our partners and continue our central role in strengthening U.S. security and prosperity.

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 work 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 and 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 this critical region, and indeed around the world.

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