

HFAC Joint Subcommittee Testimony  
Fiscal Year 2025 Budget Request for South and Central Asian Affairs  
Donald Lu, Assistant Secretary  
July 23, 2024

Chairwoman Kim, Chairman Wilson, Ranking Member Bera, Ranking Member Phillips, members of the subcommittees,

We are engaged in an important struggle in South and Central Asia. It is the struggle to compete with the PRC, to counter Russian and PRC disinformation, and to prevent terrorist groups from threatening our security.

We are grateful for the resources provided by Congress. We also recognize we live in a world of constrained budgets. I propose to talk about both our policy priorities and the trade-offs the President is proposing in the FY2025 budget.

The President's Budget requests \$1.01 billion of foreign assistance for the South and Central Asia region. That is a decrease of 1.9 percent from FY2023 levels.

Policy Priorities

Our first priority is to build our partnerships in the Indo-Pacific. The PRC is seeking to secure military and commercial footholds in the Indian Ocean. Our most effective strategy to counter an assertive PRC is to demonstrate that we have something better to offer — better development opportunities, better commercial deals, and better solutions for their security challenges.

Our second priority is to build on the President's engagement last year with Central Asian leaders at the C5+1 Summit in New York. Central Asian countries are reeling from the economic impact of Russia's full-scale invasion of Ukraine and from the crushing debt burden imposed by unsustainable PRC loans. Increasing U.S. trade and investment and expanding economic opportunities in the Central Asian countries would help to stem irregular migration to the United States.

In Pakistan, we are focused on supporting democracy and human rights while advancing our critical fight against terrorism. In Afghanistan, we continue to emphasize our deep concerns about the situation for women, girls, and minority groups. In every meeting, we make clear to the Taliban there will be no significant steps towards normalization of relations unless the rights of all Afghans are respected. In addition, the U.S. Government continues to call on the Taliban to release all U.S. citizens currently in Taliban custody.

## Trade-Offs

In order to advance our Indo-Pacific goals, we are redirecting additional resources to South Asia. The President's Budget is requesting \$585.7 million, a 4.8 percent increase over FY2023.

— These funds will bolster U.S. participation in the Indo-Pacific Quad to provide maritime security, disaster relief, and quality infrastructure investment to partner countries in the Indo-Pacific.

— They will improve financial transparency and debt management to help the countries of the Indian Ocean minimize their vulnerability to the PRC's coercive debt.

Next, in Central Asia, we are requesting \$220.7 million to build on the investments we have made to boost the resilience of these countries to increased pressure from Russia and the PRC. Our request will allow us to maintain robust levels of assistance to support the independence, sovereignty, and territorial integrity of our Central Asian partners.

That assistance will support:

— Border security and counterterrorism programs.

— Job training and professional development, even as Russia seeks to expel Central Asian workers.

— Institutions of democracy in Central Asia that promote development of a vibrant civil society, alternatives to Russian media, and investigative journalism. These are the strongest bulwarks against Russian and PRC disinformation.

On Pakistan, we face ongoing challenges and opportunities. The President's Budget requests a straight lining of our \$101 million Pakistan budget. That money would be used to strengthen democracy and civil society, to fight terrorism and violent extremism, and to support economic reforms and debt management to help stabilize Pakistan's economy and prevent further over-reliance on the PRC.

On Afghanistan, we have heard various Congressional concerns, and in response, we are more narrowly targeting our assistance. The President is requesting a \$104 million budget, which would represent a 12 percent decrease from FY 2023.

One of the main targets of our assistance will be helping Afghan women, girls, and minority groups for whom the Taliban still restrict human rights and fundamental freedoms, including the right to education.

Let me again note that our management controls and restrictions on assistance for Afghanistan are among the strictest in the world. No USG foreign assistance is provided to or through the Taliban. All of our assistance is programmed through UN agencies, international NGOs, U.S. NGOs, and trusted implementing partners to Afghans in need. Period.

I will conclude by saying that as a former U.S. ambassador in this region, I have seen our assistance make a huge difference in advancing our interests in the face of fierce competition with the PRC and Russia. I am grateful for the support of the Congress and for the engagements, visits, and oversight provided by your subcommittees.