

Statement of David D. Arnold

President, The Asia Foundation

Prepared for the
House Committee on Appropriations
Subcommittee on State, Foreign Operations and Related Programs

THE ASIA FOUNDATION (TAF)
February 2019

Madame Chair Lowey, Ranking Member Rogers & Members of the Subcommittee:

I am honored to submit this testimony as President of The Asia Foundation (TAF). We are deeply grateful for the confidence the Committee has shown in the Foundation in recent years. For 66 years, the Asia Foundation has advanced the interests of the United States in supporting stable democracies, good governance, the political and economic rights of women and free markets in Asia. Established in 1954, The Asia Foundation is a private, non-profit, nongovernmental organization headquartered in San Francisco. An annual appropriation is authorized under The Asia Foundation Act of 1983 (22USC4402). The Act acknowledged the importance of sustained funding for TAF and endorsed its ongoing value and contributions to U.S. interests in Asia. We pledge to you that with your continuing support, the Asia Foundation will sustain its work across the Indo-Pacific. In order to build on Congress' investment in the Foundation, The Asia Foundation is asking for \$20,000,000 for Fiscal Year 2021, a modest increase above FY2020. TAF plans new technology driven programs to expand economic empowerment, improve cyber-security, and foster government transparency and accountability. TAF will also increase its program activities in Pacific Island nations important to U.S. interests, where there are major challenges to governance, women's empowerment and disaster resilience.

TAF operates through 18 country offices in Asia. Through those offices, we identify and establish relationships with reform-minded individuals and organizations that merit our help as they seek to advance shared goals and interests. We believe that those we nurture today will ensure future security cooperation, development partnerships, rule of law, and fair trade between the U.S. and vital nations of Asia.

Appropriated funding is critical to TAF's ability to continue operating as a unique American asset across the Indo-Pacific region. In making our request for funding of \$20 million, we are very aware of budgetary pressures on the Committee. We respectfully suggest, however, that TAF is an especially cost-effective investment for the Congress in a time of budget constraints. TAF delivers programs that have impact and make the most of the taxpayer dollar by leveraging additional resources. TAF has worked hard to diversify its funding, raising roughly four dollars from non-USG sources for every dollar of direct appropriation it has received for the past decade.

We have appreciated the past support of the Committee in rejecting proposed cuts and we hope that you will do so again. We ask that you consider this small increase for TAF given the priority interests of the U.S. in the Indo-Pacific region, as signaled by the passage of the Asia Reassurance Initiative Act (ARIA) in December 2018. TAF's programs represent a concrete way for the Congress to ensure that the principles and objectives of ARIA are implemented on-the-ground in the Indo-Pacific, to "promote democracy, strengthen civil society, human rights, rule of law, transparency and accountability in the Indo-Pacific region".

Sufficient appropriated funding is essential to maintaining TAF's strong presence across Asia, specifically in countries of priority interest to the U.S. No other organization has the long history and presence of the Asia Foundation in critically important countries such as Afghanistan, Myanmar, Malaysia, Thailand, Vietnam, China, Philippines and Indonesia. Trust is built on continuity, and it is because of TAF's consistent local presence throughout the region that it has become such a trusted partner to local civil society organizations and individual reformers in advancing democratic reform and free markets in the region.

At a time when the U.S. is working to support a free, open, prosperous, rule-based order in the Indo-Pacific, TAF's ability to advance these goals on the ground in Asia is more important than ever. New challenges to American interests in the region and TAF's unique ability to respond to those challenges justifies the request for an appropriation of \$20 million.

How is The Asia Foundation Unique Among Other Organizations Operating in Asia?

The Asia Foundation is first and foremost a field-based organization. Through a cost-effective combination of grant-making and direct program operations managed by our 18 permanent offices in Asia, TAF maximizes program impact while keeping costs low. TAF continues to make grants to partner organizations in Asia. Past Committee report language has commended the effectiveness of TAF's grant-making role. Through its network of offices, TAF can respond rapidly to new conditions, and TAF's action-oriented research and evidence based approaches enable programs to address identified needs on the ground. TAF then delivers programs to meet local needs, improving the lives of Asia's citizens and contributing to cooperative U.S.-Asia relations.

TAF promotes reform by providing training, technical assistance and seed funding to hundreds of established and emerging Asian partner organizations, reform-minded individuals and future leaders. These longstanding investments in human capital have paid off. TAF has important relationships with Asian governments and leaders and at the same time maintains links to local communities built on decades of trust and ongoing engagement. Former TAF grantees have become leaders and change-makers in government, industry, academia and an increasingly diverse civil society. TAF's Asia Development Fellows, now in its sixth year, annually provides 12 young social entrepreneurs, government officials, academics under 40 to gain exposure to leadership skills and management training, build their networks, to become change-makers and achieve positive social impact in their communities and countries.

As country specialists, TAF representatives act as a substantive resource for program partners and implementers. TAF also acts as a resource on political and economic trends and

issues for Embassies across Asia, especially as U.S. officials' movements and outreach have been more circumscribed due to security concerns. TAF often responds to Embassy requests to provide books for American Centers through TAF's flagship Books for Asia program, and sent a shipment to the U.S. Embassy in Fiji as recently as last month. TAF continues to work with U.S. Embassies in complementary ways on sensitive issues that cannot be addressed by the USG directly.

How Does The Asia Foundation Contribute to U.S. Interests in the Indo-Pacific Region?

There is clear agreement that the U.S. has vital economic, political and security interests in Asia. TAF's engagement has led to better governance, stronger economies, and empowered citizens in many parts of the region. These developments have helped deepen economic relationships and increase security cooperation between Asian countries and the United States. The core areas of TAF's work directly contribute to advancing U.S. strategic goals.

TAF focuses on country and regional programs that promote stability in Asia and advance American interests. TAF's work strengthens democratic institutions; improves governance and the rule of law; and counters violent extremism. TAF programs engage local partners to develop mechanisms to combat corruption and increase transparency.

Limited transparency and accountability in Indonesia's land and forest governance sector allows corruption to thrive. TAF promotes collaboration between civil society and government to improve public access to information and enforce existing laws and regulations governing land-based industry licensing. As a result of the TAF program since 2015, 230 public agencies responsible for land and forest management have shared relevant data, including 28 agencies in 2019, including exposing corruption in mining permits. Civil society organizations worked with Indonesia's Corruption Eradication Commission to revoke over 1,080 mining permits considered "non-clean and clear" representing nearly 30% of permits previously issued by the government.

In Mongolia, poverty remains a challenge. TAF supported the Provincial Competitiveness and District Competitiveness Indexes to measure and evaluate competitiveness at the local level. These indexes analyze important data for local leaders on factors such as quality of life, infrastructure, security and safety, governance and economic performance. Printed in Mongolian and English, this provides a constantly updated and dynamic tool for decisionmakers and researchers in reviewing services and economic growth.

In Cambodia, women business owners face significant barriers, as they are underrepresented in the technology sector and lack peers and role models. The new Women in TEK Network (WTN), is an outgrowth of TAF's ongoing Tek4Good initiative, which hosts tech start-up companies aimed at harnessing the power of technology for social good. WTN is the first inclusive network for female-owned start-up companies, which provides them with a vibrant member community and customized mentorship program.

TAF contributes to the U.S. strategy of balanced engagement by working with countries to transition from assistance recipients to enduring diplomatic, economic and security partners. TAF programs reinforce U.S. policy priorities and interests by improving the business policy environment in Asian countries through better governance, procurement practices and

transparency. TAF also convenes dialogues where American and Asian policymakers discuss common approaches with emerging donors in the post-traditional aid environment. TAF also works with partners to examine the conditions facing newly advanced middle-income countries. These countries have progressed beyond development assistance, but still face governance and other challenges as key economic and security partners of the U.S., such as Malaysia, Vietnam and Thailand. Transitions take time, and appropriated dollars allow TAF to make long-term investments in positive ways.

What Would the Foundation do with Increased Funding?

We appreciate the faith of the Committee in supporting TAF's funding despite the proposed cut in the President's budget. We have worked to earn that trust by maximizing programs that advance and complement U.S. interests in the region.

FY 2021 funding at \$20 million would position The Asia Foundation to maintain and expand programs in countries struggling with corruption, internal conflicts and weak democratic processes and institutions. TAF's programs have deepened over the years to address the root causes of extremism, governance at the national and sub-national level, women's empowerment and harness the use of technology to increase program impact. TAF uses evidence-based approaches by conducting primary research that is used as a basis for our own programs but is also shared, valued and used by other donors and governments, to improve how assistance is provided. An example is the annual Survey of the Afghan People, now in its 15th year, with an expanded booster sample in 2019 focused on citizens' views of the peace process.

Priorities include promoting inclusive economic growth and entrepreneurship, especially in marginalized communities, and addressing governance and women's empowerment issues in the Pacific Islands, where concerns about outside influences have become stronger. TAF's goals continue to be:

- Expand community resilience, youth leadership and security in areas vulnerable to extremist recruitment in Malaysia, Indonesia and other parts of Southeast Asia;
- Counter corruption and improve public accountability efforts in Myanmar, Sri Lanka, Timor Leste, Vietnam and Mongolia;
- Strengthen women's empowerment programs throughout Asia, including developing economic opportunity and entrepreneurship for women, supporting girls' education through scholarships, combatting trafficking and gender-based violence, using phone apps to identify safe travel routes for women, especially in South Asia;
- Promote engagement of traditional and religious leaders in community development, women's empowerment, election observation and education in Indonesia, Afghanistan, Bangladesh and Pakistan;
- Support transitional justice in Sri Lanka and Nepal, and judicial reform in Indonesia and the Philippines;
- Facilitate conflict resolution and peace processes in Afghanistan, the Philippines, and Myanmar, where poor security and ethnic/religious conflict threaten national stability;
- Sustain TAF's signature initiative, the **Books for Asia** program, which has provided over 51.7 million English-language books and digital content to more than 20 Asian and

Pacific Island countries - nearly 300,000 in 2019 alone. Millions of Asian students and leaders have accessed global sources of knowledge and a better understanding of the United States. For this program, an investment of \$1 million in appropriated funds leverages \$10 million in donated English language books, digital content and educational materials from U.S. publishers. TAF has expanded its award-winning e-book platform *Let's Read*, which works with young local web developers and authors to create original children's book content, freely accessible online for download and use in local schools, libraries and institutions. The program's digital library now has over 3,100 new books in English and 27 languages, including minority languages, in nine countries, including Cambodia, Indonesia, Myanmar, Nepal, Laos, Vietnam, Thailand (in 10 languages for migrant worker families).

- Renew programs in key Pacific Island countries to improve governance and services; build capacity for civil society and government on principles of democracy and open societies; protect women's rights and reduce gender-based violence and facilitate coordination in disaster risk management and resilience.

New collaborations with the technology sector include:

- Launch a new project on the *Future of Work*, focusing on the impact of automation that eliminates jobs in the manufacturing sector. In partnership with **Microsoft**, this research effort will result in a white paper and conference within ASEAN on upskilling and retraining opportunities in the region.
- Expand a new public education initiative with **Google**. *Safe Smart Digital Asia* will combat fake news, online fraud, scams and misinformation to protect consumers' digital identity and promote good digital citizenship in Indonesia, India, Korea, Taiwan, Thailand and Vietnam;
- TAF's new *The Resiliency Initiative* with **Facebook** looks to build tolerance, promote inter-faith and inter-ethnic understanding, and reduce extremism. The program will support civil society organizations to devise and run online campaigns addressing locally identified concerns over extremism, polarization, and violence. Online campaigns are likely to address widely shared and carefully identified concerns such as misplaced rumors or false stereotypes. Facebook is the most popular and widely used social media platform in many countries in Asia and often the main way to access information online.

CONCLUSION: Funding at \$20 million will allow The Asia Foundation to invest in innovative programs that have received Congressional encouragement. We believe TAF's track record demonstrates that we can leverage any appropriated dollars and make efficient use of those funds to advance U.S. interests in the Indo-Pacific region.

We appreciate the Committee's longstanding trust of and support for The Asia Foundation. The Congressional appropriation authorized in the 1983 Asia Foundation Act has been and remains invaluable to TAF's ability to achieve results on the ground and fulfill our shared mission to maintain U.S. presence and advance U.S. interests in Asia. We respectfully urge that the Committee support FY2021 funding for The Asia Foundation at \$20 million.

(A full listing of Asia Foundation programs may be found on our website at www.asiafoundation.org.)