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The U.S. Rebalance in South Asia: Foreign Aid and Development Priorities
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Chairman Salmon, Ranking Member Sherman and Distinguished Members of the Subcommittee:

Thank you for the invitation to testify on the role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy goals in South Asia. It truly is an honor to be here today. For 18 years I had the privilege to work in the U.S. House of Representatives, so being here today feels like home. I am also pleased to be testifying alongside my friend and colleague from the U.S. Department of State, Assistant Secretary Nisha Biswal.

President Barack Obama's fiscal year (FY) 2016 budget request of \$383.4 million for South Asia reflects our sustained commitment to the region through a steady level of funding over the past few fiscal years. In more than 100 countries around the world, including 32 in Asia, U.S. development assistance plays a vital role in building the foundations for lasting economic prosperity, fostering democratic values and combatting the causes of instability that pose threats not only in far-off places, but also here on our own shores — threats such as profound human suffering, more frequent and intense storms that erase gains and set back whole societies, and weak systems of governance that continually fail to meet the needs of the people. USAID is expanding stable, free societies that provide lasting alternatives to otherwise destabilizing forces, while also creating markets and trade partners for the United States and fostering goodwill abroad — all with less than 1 percent of the total federal budget.

USAID's mission statement is to partner to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. In South Asia, we are working through three primary approaches to implement this mission:

1. USAID's new model of development

USAID's new model of development leverages greater science, technology, innovation and partnership to further development goals and sustain progress. Rather than delivering results with our dollars alone, we are creating public-private partnerships at every opportunity to deliver clear, focused and measurable results. USAID has truly transformed the way it does business. Consider this statistic: Five years ago, just 8 percent of USAID's resources were programmed through this new model of development which leverages partnerships and game-changing innovation. Today, it's about 40 percent — and with USAID's new emphasis on building local capacity, it will only increase over time.

Throughout Asia, we are seizing the unprecedented opportunity to leverage new talent and resources wherever possible. One such example is our work through USAID's Development

Credit Authority, which uses partial credit guarantees to encourage private lenders to extend financing to underserved borrowers. In the past five years alone, we have helped to leverage \$258 million in private financing for small and growing businesses in the agriculture, environment, tourism and education sectors across Asia. That figure represents USAID's ability to leverage \$26 more in private capital for every \$1 invested.

The new model of development also helps build regional solutions. USAID is working to increase stability and economic integration across the broader region, to include Afghanistan and Pakistan, through expanded regional connectivity between South and Central Asia in areas such as trade and energy. In line with the United States' 2015 National Security Strategy, USAID is also strengthening our strategic partnership with India by deepening our engagement on shared regional and multilateral goals. As India increasingly looks east for economic and strategic partnership, the United States is leveraging an opportunity to pursue our shared vision of an Indo-Pacific Economic Corridor that can help bridge South and Southeast Asia — while at the same time bolstering the United States' continued implementation of the rebalance to Asia and the Pacific.

2. The three presidential development initiatives

Through the Global Health Initiative, Feed the Future, and the Global Climate Change Initiative, USAID is building pathways out of poverty for the world's most vulnerable people. While our efforts have made progress, significant challenges remain. The region is still home to two-fifths of the world's extreme poor, 2 million infant, child and maternal deaths per year, and millions of extremely vulnerable people struggling on the front lines of climate change. USAID is working to improve health systems and outcomes, increase food security, and help communities adapt to, mitigate and manage the risks of the changing environment.

In countries like Nepal, we're combining components of all three initiatives in an effort to build resilience to recurrent shocks, both economic and physical, such as disasters that are made more severe and frequent by global climate change. When disaster strikes, the most vulnerable populations are the hardest hit, often without a chance to recover before the next shock. With the launch of USAID's policy and program guidance on resilience, we pledged to get ahead of these shocks. We do so by identifying sources of vulnerability and designing projects that link our humanitarian assistance with our longer term development assistance across a range of areas to achieve the most effective results and leverage the taxpayer dollar to the greatest extent possible.

3. Promoting democratic governance and empowering reformers

USAID is also promoting democratic governance and empowering reformers. We know that government by the people offers the best chance for freedom and prosperity. The United States also has stronger relationships with stable, democratic countries that respect human rights. Fighting poverty is often less a question of funding but effectively addressing the underlying structural problems with governance that hold back many developing countries from realizing their potential. Solutions to South Asia's challenges will ultimately come from the people of the region. Our best chance in promoting democratic change is to empower the reformers by helping them build resilient institutions that are transparent and accountable to the people.

USAID recognizes civil society as one of the key pillars in any healthy democracy — vital to strengthening good governance that responds to the needs of the people and shapes a prosperous and secure future. Our sustained support for civil society to be an agent of change is especially vital in light of broader regional threats along South Asia's borders, such as violent extremism, that confront young men and women.

To clarify USAID's efforts, allow me to provide brief overviews of India, Bangladesh, Nepal, Sri Lanka and Maldives.

India

The U.S.-India relationship has new momentum and opportunities for heightened engagement as a result of renewed commitments by President Obama and Prime Minister Narendra Modi. This includes the January 2015 U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region, a long-term partnership for prosperity and peace in these regions. It is a new day in our bilateral relationship. It is also a new day in how USAID administers development assistance in India. We have reoriented our assistance from the traditional donor-recipient model to a peer-to-peer partnership that harnesses the strengths and capabilities of both countries to tackle development challenges together, both in India and globally.

Our partnership with India is at the forefront of USAID's new model of development. While our assistance dollars to India have been steady, the total value of U.S. development programs has increased by leveraging funding from the U.S. and Indian private sectors, Indian philanthropists, and the Indian diaspora in addition to other donors, resulting in even deeper, scalable and more sustainable results. In less than three years, USAID has entered into a total of 20 partnerships involving about three dozen Indian and American private sector partners to further development goals in India, Africa and elsewhere in Asia, which together will leverage more than \$6 for every \$1 the United States invests.

While India has the world's tenth largest economy, major development challenges remain. India is home to 400 million of the world's poorest people. The United States shares the new government's prioritization of ending preventable child and maternal deaths, food security and meeting the growing demand for energy in sustainable ways. That is why in recent months, we have seized new partnership opportunities that leverage American technology and expertise to help India advance in these areas.

We are collaborating with American and Indian partners to provide clean water and sanitation services to low-income populations in India's largest urban centers — a key shared priority identified in the September 2014 summit between Prime Minister Modi and President Obama. As part of this effort, we are bringing U.S. water filtration technology to India to provide clean and affordable drinking water to more than 30,000 households living in slum settlements in Bangalore. To combat the spread of tuberculosis and its fatal multidrug-resistant forms, we have introduced American technology that speeds up diagnosis time from two months to two hours. The Government of India is now scaling up this pilot project by purchasing 950 new machines by 2017. We are also bringing the expertise of America's top academic and research institutions into the fold. In partnership with the University of California, Davis, international research

centers and national agriculture research partners from India and Ethiopia, we are supporting the development of improved chickpea varieties to strengthen global food and nutritional security.

We are taking our successful development partnership global. We are partnering with India to share proven innovations and best practices across Asia and Africa. For example, we are supporting the transfer of frugal Indian farm and food processing technologies to promote food security in Kenya, where some 400 people were trained on their use and more than 200 farmers put them into action. And USAID's Afghan Women's Empowerment Program is sending Afghan women to India, providing them with vocational training and leadership skills that have helped them increase their incomes by an average of 275 percent.

We are actively supporting women in India, where USAID programs such as Safe Cities are raising awareness about gender-based violence and connecting women with existing advocacy and support services. USAID also collaborated with Intel Corporation, CNN and others on "Girl Rising" — a powerful feature film following the lives of nine girls that raises awareness and changes attitudes and behaviors relating to girls' education through local language releases of the film in India and other countries worldwide.

Finally, with strong bipartisan support in Congress, we are supporting education and health programs for Tibetan refugees in India and Nepal. India has welcomed the Tibetan refugee community to their country for decades. The assistance we provide to help these refugees, many of whom are children, after they risk their lives fleeing repression represents the best of the shared values of the American and Indian people.

Bangladesh

In Bangladesh, more than 40 percent of the population lives in extreme poverty. This is compounded by the fact that Bangladesh's 156 million people live in an area the size of Iowa that is continually battered by cyclones and flooding. Bangladesh's complex development challenges underscore the need for our sustained commitment, and current political unrest further highlights the importance of improving governance to support future stability and prosperity.

USAID promotes responsive governance by improving the accountability and transparency of key institutions and the ability of local government to deliver health and other social services. USAID also provides support to civil society to prevent domestic violence and child marriage and counter human trafficking. Our support for civil society, which has been a robust and engaged sector, is critical given the escalating political tensions in the country. The budget request reflects our sustained commitment in these areas.

Despite a difficult political situation, there have been tremendous development successes in which USAID has played a leading role. For example, we have contributed to a 65 percent reduction in both under-5 child mortality and maternal mortality in the last two decades, enabling Bangladesh to reach its Millennium Development Goal on child health and to be on track to meet its maternal health goal. In a country with one of the lowest percentages of remaining forest lands worldwide, we are improving the local management of more than 2 million acres of wetlands and forests. And with USAID assistance, Bangladesh recently achieved self-sufficiency

in rice production through the widespread adoption of higher yielding, climate-tolerant rice seeds and deep placement fertilizer technology that minimizes surface run-off during intense rains and reduces greenhouse gas emissions as a co-benefit.

Yet even with these gains, 41 percent of children are stunted — a form of chronic malnutrition in which a child suffers permanent physical and cognitive damage, resulting in serious health, social and economic consequences. USAID works through all three presidential initiatives, leveraging public-private partnerships to maximize our impact. For example, through Feed the Future, USAID is working with the Bangladesh Agricultural Research Institute and Virginia Tech to prevent crop loss from pests by field testing pest-resistant seed varieties and new biological control methods. As a result, 3,000 farmers have fortified their defense against pests on 270 acres of high-value and nutrient-dense crops — enough to feed 12,500 households. USAID is also partnering with both international and Bangladeshi agriculture research institutions to develop higher yielding varieties of crops and improve the productivity of fish farming. Collectively, Feed the Future efforts have improved the income of 1.8 million farming households and expanded their access to more diverse and nutritious food.

Exactly one month from today will mark the two year anniversary of the Rana Plaza tragedy. USAID remains committed to supporting improved working conditions in Bangladesh. We are in the process of evaluating proposals for a new, three-year “Workers’ Empowerment Program” that responds to identified gaps in the ability of workers to organize independently and address the issues they find most pressing — such as protection of labor organizers, ending workplace discrimination and harassment, and improving workplace safety. This program will build on the success of USAID’s Global Labor Program, which has directly resulted in the establishment of 90 unions in the ready-made garments sector alone, covering some 28,000 workers.

Nepal

Nepal continues to cope with the effects of a decade-long insurgency that ended in 2006. Challenges include weak governance, stagnant economic growth, high malnutrition among children, acute food shortages, vulnerability to natural disasters and natural resource degradation.

Through all three presidential initiatives identified above, USAID has helped Nepal cut its extreme poverty rate in half to 25 percent and contributed to decreases in maternal and infant mortality that put Nepal on track to meet its Millennium Development Goals in these areas. Through Feed the Future, we are working to address the challenges of low agriculture productivity and lack of market access. In FY 2014, USAID helped 90,000 households increase their agricultural productivity and incomes and improve nutrition. And in 20 districts vulnerable to poverty and malnutrition, USAID has increased the number of children under 2 years of age consuming a minimally acceptable diet by more than 50 percent. USAID’s gold-standard nutrition program now reaches over 625,000 households in 41 districts with multi-sectoral programming that embeds community ownership and fosters local government accountability.

Central to Nepal’s development challenges is the issue of governance. USAID promotes good governance by helping key institutions, such as the Election Commission, political parties and the new Constituent Assembly, become more democratic, effective and inclusive of all citizens.

With USAID support, the Nepal Constituent Assembly elections in November 2013 saw a record 80 percent voter turnout. USAID helped bring voter education and registration access to 3.7 million Nepalis.

We also combat human trafficking by supporting protection, prosecution and prevention activities with civil society, the justice sector, and at the national, district and village levels. Our justice sector programming has supported the government in its efforts to prosecute and convict an increased number of trafficking offenders as compared to the previous year.

As mentioned earlier in my testimony, Nepal is at grave risk from global climate change. Located in the Himalayan mountain range, Nepal struggles with both water scarcity in some areas and increased flooding in others. Nepal also sits right where the Eurasian and Indian tectonic plates are colliding, making it extremely vulnerable to earthquakes. These vulnerabilities demand USAID take an integrated approach to tackle not only the roots of poverty, but also the recurrent shocks that perpetuate its cycle. That is why we are merging a cross-section of health, climate change, food security and disaster risk reduction to alleviate the effects of recurrent shocks on communities. For example, along the steep banks of the Trishuli River, poor farmers cleared the forest cover in order to grow food to support their families. Consequently, the land began eroding away, threatening the farmers' livelihood and food source. In partnership with the Government of Nepal and the subsistence farmers, USAID helped stabilize the eroding banks by planting a combination of native "broom grass," a highly marketable cash crop, and trees that will eventually mature and produce cinnamon, lemons and timber, further enhancing incomes.

Sri Lanka

Following a brutal civil war, a devastating tsunami and a decade of increasingly authoritarian rule, Sri Lanka is entering a new chapter following the recent historic election through which the Sri Lankan people honored their democratic traditions by using the power of the ballot box to come together and peacefully create change.

Since the January 2015 election of President Maithripala Sirisena, there have been positive signs from the new government — including commitments to governance reform, support for civil society organizations, and needed assistance for vulnerable communities — that have reenergized the U.S.-Sri Lanka bilateral relationship and opened significant operational space which had been dramatically diminished under the previous government. The new government has asked the United States for help restoring and strengthening long-neglected democratic institutions and processes, thus presenting USAID with a unique opportunity to help Sri Lankans define and solve critical democratic problems for themselves.

Moving quickly to understand how to support this opportunity, within a couple of weeks of the election results, USAID led an interagency Democracy, Human Rights and Governance assessment team in Sri Lanka that found unprecedented areas for supporting democracy and accountability. Comprised of local and international experts, the team emphasized the unique political moment for strengthening democratic institutions.

USAID now has an opening to directly support the independence and functioning of core democratic institutions, not only to build a stronger democratic future, but also to solve the deeper problems of political competition and conflict. Another potential opportunity for engagement involves supporting activities that provide tangible benefits to key groups to allow time for Sri Lankan democratic institutions to consolidate and lay the foundation for genuine national reconciliation. The election also presents new opportunities to fully engage the government on issues of inclusive economic growth, economic governance and national reform.

However, the FY 2016 budget request was completed prior to the election and reflects previous plans to phase out assistance. In the short-term, USAID is exploring sources of additional support in order to seize the opportunities presented by the recent elections. We intend to enhance assistance calibrated to the government's forward movement on human rights, governance, accountability and reconciliation. Please be assured that we will continue engaging with you and your staff as we chart the way forward in Sri Lanka.

Maldives

Addressing global climate change is our main focus in Maldives. Comprised of more than 1,000 islands, Maldives is extremely vulnerable to the rising, warming oceans and their increasing acidification. To mitigate the negative impacts of global climate change, USAID is improving water security and increasing Maldivians' capacity to adapt to the changing environment. For example, USAID is helping to create a sustainable fresh water supply through the use of desalination plants to ensure sustainable community management of this scarce resource. And we are working on a new coral reef conservation project that will ensure the preservation of both the natural beauty and protective qualities of the reefs — which are critical to fisheries and to tourism, the two major drivers of the economy, and to preventing shoreline erosion.

Bhutan

Although USAID does not have a bilateral program in Bhutan, we do partner with Bhutan on energy, biodiversity conservation and climate change adaptation regional programs. Bhutan is a part of the South Asia Regional Initiative for Energy program, which is helping to advance regional energy security through regional energy integration and cross-border energy trade.

Conclusion

Mr. Chairman, to echo President Obama's words: "In an interconnected world, we all rise and fall together." No longer do we live in the days where instability does not traverse oceans — whether it's a conflict, famine or disaster sending refugees across borders, financial crisis sending shockwaves across the global economy, or a pandemic quickly spread by international travelers. This dynamic presents unprecedented challenges for development, but also new opportunities to partner to achieve unprecedented gains — and USAID is at the forefront.

I appreciate the opportunity to share with you what USAID is doing in South Asia and look forward to hearing your advice and counsel. I welcome any questions you may have.