

Statement of Jonathan Stivers
Assistant Administrator, Bureau for Asia
United States Agency for International Development
Before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific
“FY 2017 Budget Priorities for East Asia: Engagement, Integration, and Democracy”
Tuesday, April 19, 2016

Chairman Salmon, Ranking Member Sherman and Distinguished Members of the Subcommittee:

Thank you for inviting me to testify on the vital role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy priorities in East Asia and the Pacific Islands, including the Asia-Pacific Rebalance. It is always an honor to testify before this committee, especially alongside my colleague from the U.S. Department of State, Assistant Secretary Daniel Russel.

President Barack Obama’s fiscal year (FY) 2017 budget request for Department of State and USAID foreign assistance in the East Asia-Pacific region is \$873 million — a 12 percent increase over FY 2015. This request is in recognition that America’s security and prosperity are inextricably tied to the region, and it enables us to consolidate the gains in the East Asia-Pacific made under the Obama Administration as we transition to the next Administration — paving the way for sustained partnership with this increasingly consequential part of the world.

USAID is a committed partner in the East Asia-Pacific. The region has come a long way in recent years, including cutting its extreme poverty rate in half between 2002 and 2012, which has contributed to stronger economic growth, greater regional stability and an expanding middle class. Malaria mortality and stunting of children under 5 resulting from poor feeding practices have plummeted, and literacy levels and secondary school enrollment are climbing. Of the five countries projected to have the fastest growing economies this year, all are in Asia and three — Burma, Cambodia and Laos — are in the East Asia-Pacific region.

In the coming years, the countries of this region will play an increasingly pivotal role in world affairs. Just *how* the region’s development and economic growth take shape is critical to our own future and is a key component of the Asia-Pacific Rebalance. That is one reason why the Trans-Pacific Partnership (TPP) trade agreement is so important. Already home to the majority of humanity, by 2030 Asia is projected to add more people than any other region, putting unprecedented pressure on nations to provide their growing populations with access to energy, clean water, food, quality education and health care.

Despite these impressive gains, the region continues to grapple with ever-more complex development challenges including severe economic disparities, food scarcity, urbanization, poor governance and suffocating pollution and environmental degradation. Human trafficking continues to be an enormous problem — as seen during last summer’s tragic boat crisis of labor migrants and Muslim Rohingyas fleeing persecution — and an unacceptable proportion of women in the region continue to experience gender-based violence.

At USAID, our mission is to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. Key to achieving success is ensuring that development gains are inclusive of all people — which is also critical to ensuring that development progress can be sustained over the long term. At its core, the Rebalance is about strengthening our relationships with countries, but more specifically, with the *people* of the region, and USAID plays an indispensable role by partnering from the bottom-up to help people escape poverty and improve their lives. We employ three primary approaches to advance our development goals.

First, USAID is pioneering a **new model of development** that focuses on maximizing our impact and our funding through public-private partnerships, science, innovation and regional solutions. For example, with every dollar USAID invested in more than 360 public-private partnerships active in 2015, partners committed about \$3.50 in both cash and in-kind contributions over the life of the partnership. In Indonesia, where our mission is a leader in incorporating science, technology, innovation and partnership, we are targeting the mobilization of \$800 million from the private and public sectors to generate clean energy while investing just \$17 million in USAID funding.

Second, we are building pathways out of poverty through **three priority initiatives**: Global Health, Feed the Future and Global Climate Change. In the East Asia-Pacific, health, food security and climate change challenges are often interrelated, demanding an integrated strategy. That's why through Feed the Future, for example, we not only target improvements in agricultural productivity, but we also look for ways to increase household nutrition and income while building resilience to the impacts of a changing climate and economic shocks. In addition, we are supporting sustainable economic growth through assisting TPP partners such as Vietnam to implement the important commitments they have undertaken as part of TPP, including on labor, the environment and intellectual property enforcement.

Last, we are empowering reformers to improve **democratic governance and human rights**, because we know that government by the people offers the best chance for freedom and prosperity. The U.S. also has stronger relationships with stable, democratic countries that respect human rights. Central to our efforts is the recognition that civil society is a key pillar in any healthy democracy — vital to strengthening good governance that responds to the needs of the people and plays an important role in shaping a prosperous and secure future.

Next, I will provide a brief overview of USAID's efforts in selected countries in the region.

Burma

One of the most remarkable developments in the region this past year occurred in Burma, where USAID provided over \$18 million — more than any other donor — in support of the November 2015 elections that resulted in the first civilian-led government in more than 50 years. The challenges of conducting an election were enormous in a country with 53 million people, over 100 languages, more than 90 political parties, conflicts and the worst floods in 50 years occurring just months before the elections. Specifically, USAID supported:

- The Union Election Commission in incorporating international standards in its election procedures, including strategic communications, election day operations and stakeholder dialogues;
- Training poll workers and increasing the participation of civil society in the electoral process;
- More than 300 civil society organizations and media outlets in conducting voter education, including outreach to the majority of all cell phone users with voter education messages;
- The technology which led to the digitization of 33 million names from scratch into the voter list in a country with few computers and hundreds of dialects;
- Domestic and international election observation, including training more than 5,000 observers and establishing the first independent nonpartisan election observation organization in Burma; and
- Political party training for more than 12,300 party members from 84 parties.

We know that democracy is about more than elections, which is why our support for the next phase of the democratic transition is so important. The people of Burma have high expectations for the new National League for Democracy-led government and the country faces pressing challenges on every front. The government has prioritized key issues such as national reconciliation, further institutional reform of political power structures, economic growth, agricultural development and health care. USAID continues to promote democratic reform and is helping the new government ensure that tangible benefits from the transition reach the people. We also continue our strong support for our civil society partners as the transition advances.

On national reconciliation, USAID plays an important role in U.S. Government efforts that have helped ethnic leaders to better engage with one another, participate in official ceasefire negotiations and better understand the interests of communities affected by conflict. Our assistance has increased participation of civil society, ethnic leaders and government representatives in the peace process. Furthermore, ahead of the November 2015 elections, USAID's reconciliation efforts reached nearly 4,000 Rakhine and Rohingya youth with training on media literacy and skills to recognize misinformation and resist incitement to violence.

We remain deeply concerned about the humanitarian and human rights situation in Rakhine State, including the treatment of Muslim Rohingyas. Failure to address the root causes of conflict in Rakhine could undermine the democratic reform process in the country, increase instability and insecurity, and impede Burma's relations with the United States and international community. Of FY 2015 resources, USAID provided a majority of the \$85 million the United States allocated for humanitarian and other assistance to vulnerable populations throughout Burma, including in Rakhine and along the border with Thailand. Working with Rakhine State communities, these actions include the launch of a new \$5 million livelihoods recovery program to help improve access to services such as village savings and loans associations, water and sanitation, and skills trainings for approximately 45,000 individuals.

Cambodia

The primary goal of our assistance in Cambodia is supporting and transitioning the country to a sustainable and lasting democracy that respects human rights and improves the lives of all its citizens. Support for civil society underpins all our assistance in the country. In recent years,

civil society has grown in strength and inclusiveness thanks in part to our assistance, although civil society is still challenged by the Government of Cambodia.

USAID-supported civil society organizations provide legal assistance to people imprisoned for participating in political or labor demonstrations and those who were evicted or had their land taken from them without due process. On labor, in part due to USAID facilitation, garment worker unions have negotiated a 40 percent increase in the minimum wage over a two-year period. We are also improving forest management by helping indigenous and other communities in and around forests work with local government officials to conserve their forests. Last, human trafficking continues to plague Cambodia and in response, we are putting greater focus on addressing its root causes — for example, by expanding vocational training opportunities and improving basic education.

In Cambodia, Feed the Future partnerships have improved nutrition and food security through horticulture, fish and other food security-related work for more than four years. As a result, we have helped drive down stunting by 21 percent in the areas where Feed the Future works and increase horticulture yields for targeted farmers by up to 273 percent. On health, USAID has played a key role in helping Cambodia meet its Millennium Development Goals on tuberculosis mortality and maternal and child mortality ahead of schedule, accelerate progress toward malaria elimination by 2025, and reduce HIV prevalence by more than 50 percent, paving the way for setting an ambitious goal of zero new HIV/AIDS cases by 2025.

Indonesia

Indonesia's continued progress is essential to the Asia-Pacific Rebalance policy and its democratic system sets an important example for its diverse neighbors. It is the world's third largest democracy and fourth most populous nation, with the largest economy in Southeast Asia. The country still faces major governance, economic and security challenges that could undermine its young democracy. Through targeted investments, USAID partners with the Government and people of Indonesia to strengthen a just and accountable democracy that engenders political and social stability. On health, we have helped Indonesia become polio-free and have helped reduce multidrug-resistant tuberculosis mortality by over 60 percent over the past six years.

On democracy and governance, our anti-corruption investment has resulted in a significant increase in the number of cases of grand corruption being prosecuted, and it has facilitated the continuous improvement of the country's ranking on Transparency International's Corruption Perceptions Index. In three years, Indonesia improved its rank from 118 to 88, a 30 place gain. In addition to improving the effectiveness of the court system, USAID has supported the adoption of judicial case tracking technology in all 350 district courts. The new system improves the independence, transparency, accountability and efficiency of court records management and is accessible to the public.

Last year's devastating forest and peat fires in Indonesia laid bare the governance, health, economic and security implications of environmental degradation. The impacts of the fires were staggering. Daily emissions from the fires at times exceeded those emitted from the entire U.S. economy. Non-health economic losses are estimated at over \$16 billion, which is double the

economic loss from the devastating 2004 tsunami. We responded by setting up special shelters where those suffering from respiratory distress could receive treatment. We partnered with the U.S. Forest Service to send forest specialists to help with investigations, operations and the provision of satellite imagery, and to equip firefighters in the hardest-hit provinces with high pressure pumps, tools and fire retardant clothing.

Prevention of future fires is the only solution to this problem. To this end, we are bringing a South Carolina-sized area of biodiverse forest under improved sustainable management which will reduce forest fires, illegal logging and wildlife trafficking — but we are not doing this alone. USAID is supporting the Indonesia Palm Oil Pledge, an innovative commitment by the world's leading palm oil producers to transition to sustainable production. Our projects are also conserving huge swathes of lowland and peat forest, home to endangered species including orangutans, tigers and rhinos.

Laos

As the second-poorest country in the East Asia-Pacific, Laos suffers from the highest infant and child mortality rate in Southeast Asia, 44 percent of children under 5 — one of the highest rates in the world — suffer from stunting, and 30 percent of the people live in extreme poverty. Building on our prior health efforts, in January we launched a nutrition project that works with community organizations to reduce child stunting by improving feeding practices for pregnant women and children, and improving education and water and sanitation.

Philippines

Through the U.S.-Philippines Partnership for Growth, USAID has collaborated with other U.S. Government agencies and the Philippine government to address the country's main impediments to inclusive and sustainable growth: ineffective governance, insufficient public financing, inadequate infrastructure and weak human capacity. The results have been striking: In recent years, the Philippines has emerged as one of the fastest-growing economies in the region and a more reliable U.S. trade and investment partner. Investor confidence is on the rise and for the first time, in 2013, the country received investment-grade sovereign debt ratings from three of the world's leading credit rating agencies.

Yet economic gains have not generated tangible improvements in the lives of many Filipinos, with 13 percent of the population still living in extreme poverty. Lack of formal access to land and natural resources by a large proportion of the population is a key cause of poverty, a driver of conflict and an obstacle to national development in the Philippines. With just under half of all land in the Philippines titled, we are working to improve the regulatory environment and streamline the land registration process in the Philippines.

The “Strengthening Urban Resilience for Growth with Equity” (SURGE) project, launched in August 2015, assists local government units in prioritizing the types of land that require titling support and identifying special case areas that require attention — including in Antipolo. To date, our efforts in this area have helped create 110 land management units and restore approximately 250,000 land ownership records following Typhoon Haiyan in 2013.

An archipelago of more than 7,000 islands, the Philippines is uniquely vulnerable to natural disasters and the effects of climate change. Since Typhoon Haiyan, we have helped 100,000 people in 61 villages in the south increase their resilience to climate change. USAID's disaster risk and reduction assistance was put to the test in 2014 when a tropical storm roared through Mindanao, affecting nearly half a million people. "The water reached 24 feet. Only the tallest rooftops and floating houses could be seen. Everything else was under water," recalled La Flora Village Chairman Otacan. During the storm, residents adhered to the flood warning system instituted with USAID assistance, and the entire village of 1,120 people survived. "We could not have been more prepared," said Chairman Otacan.

Timor-Leste

Timor-Leste continues to battle extreme poverty — born out of decades of conflict and repression — coupled with vulnerability to natural disasters. Since approximately 70 percent of Timor-Leste's population relies on agriculture for their livelihoods, USAID focuses on helping farm households become more prosperous through increased incomes and improved community well-being. We are proud that our agriculture initiatives have helped increase farmer incomes by up to 125 percent.

Vietnam

President Obama's visit to Vietnam next month underscores the country's growing significance as an emerging regional power. Vietnam has undergone an economic transformation in recent decades that has contributed to improved health and drastic reductions in poverty. However, sustained progress is threatened by poor governance, a weak business environment, limited transparency, and health and environmental problems. USAID is accelerating Vietnam's transformation to a responsible, more inclusive partner and a market-based economy, and addressing the legacies of the past conflict between our countries.

USAID is committed to helping Vietnam implement the reforms that are critical to its ability to fully implement the Trans-Pacific Partnership (TPP) agreement. Already, we have helped improve over 150 Vietnamese laws and regulations affecting commercial activities and related judicial procedures. Working with other U.S. Government agencies, USAID plans to implement activities to build capacity in Vietnam to ensure freedom of association, including independent unions, and other internationally recognized labor rights; protection and enforcement of intellectual property; environmental protection and sustainable growth; and good governance.

Our governments' successful collaboration on dioxin remediation remains an important bilateral priority to address war legacy issues, and has been one of the keys to transforming the U.S.-Vietnam relationship over the past five years. We recently completed the first of two phases of thermal treatment of approximately 45,000 cubic meters of dioxin-contaminated soil and sediment at Danang Airport, and the entire remediation is expected to be completed next year.

Our health work and support for persons with disabilities is a cornerstone of our engagement with Vietnam. Vietnam has helped to reduce new HIV infections by nearly 50 percent over the last 10 years with help from USAID through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). We have trained rapid response teams in all 63 provinces to prevent and respond to infectious diseases and other pandemic threats. Opening a new chapter, we are

supporting Vietnam in assuming a global leadership role on combating zoonotic diseases under the Global Health Security Agenda. Since 2010, USAID has improved the welfare of almost 30,000 persons with disabilities.

As one of the most vulnerable countries in the world to climate change, millions of rural and urban Vietnamese would be seriously impacted by just one meter of sea level rise in the Mekong River Delta. In response, we are supporting agricultural extension centers to develop new tools that help boost farmers' ability to improve their livelihoods with climate-smart methods.

Regional Development Mission for Asia (RDMA)

Based in Bangkok, Thailand, USAID's Regional Development Mission for Asia (RDMA) focuses on key development challenges that transcend borders — with a primary focus on the Lower Mekong countries, where the development gap within the East Asia-Pacific region is especially pronounced. For example, in most Lower Mekong countries, skilled workers are in high demand by the private sector but in short supply. To better prepare Southeast Asian youth for employment, we are collaborating with Cisco, Google, Hewlett-Packard, Intel and Microsoft to train university and vocational college instructors from across the Lower Mekong region under the Lower Mekong Initiative. We have quadrupled the funding for this initiative by leveraging almost \$50 million from the private sector compared to our \$12 million seed funding. Last year, USAID played a key role in helping ASEAN establish the region's first legal framework for combating trafficking in persons. By the end of this year, we will award a new activity aimed at reducing the number of human trafficking victims and increasing the number of trafficked persons able to access social services. We will also soon launch a new project to combat wildlife trafficking in the region.

In addition, RDMA manages programs in countries where USAID does not have a regular mission or country office: China, Laos and Thailand. USAID also helps Tibetan communities improve their livelihoods, conserve their environment and preserve their threatened cultural traditions, including the Tibetan language. Through USAID's cultural preservation activities in Tibet, one million pages of historically important Tibetan text — many previously unknown, including text composed by the Fifth Dalai Lama — were digitized and made available to Tibetans and Buddhists in the region and around the world.

Conclusion

Mr. Chairman, in an interconnected world, we are safer and stronger at home when fewer people face destitution, when our trading partners are flourishing, when nations around the world can withstand crises, and when societies are freer, more democratic and more inclusive. Development plays an indispensable role — alongside defense and diplomacy — in advancing our security and prosperity. While we must focus on solving immediate crises, it is essential that we also address the *root causes* of poverty, conflict and instability — so that we can build a sustainable path of progress that shapes a better future for humanity. This is at the heart of our work in the East Asia-Pacific region, which the FY 2017 budget request will continue to support.

Thank you for the opportunity to share with you what USAID is doing in this critical region. I look forward to your counsel and questions.

###