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FY 2017 Budget Priorities for South Asia: Recovery, Development and Engagement
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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 is always an honor to testify before this committee. I am also pleased to be testifying alongside my friend and colleague from the U.S. Department of State, Assistant Secretary Nisha Biswal.

Before I begin, I would like to extend my deepest condolences to the loved ones and colleagues of Xulhaz Mannan, a member of our USAID family in Bangladesh who was brutally murdered late last month in his home. A tireless champion of human rights and diversity, including LGBTI issues, Xulhaz embodied the very best of USAID, and of humanity. His tragic loss is a reminder to all of us of the deep commitment and sacrifice made by USAID staff and all those fighting for a better world. The United States continues to urge the Bangladeshi authorities to fully investigate this violent attack and bring the perpetrators to justice.

President Obama's fiscal year (FY) 2017 budget request of \$440.7 million for South Asia reflects our sustained commitment to this vitally important region.

While the region has achieved much success in terms of development — indeed, South Asia has seen real GDP growth at twice the global average — significant challenges remain. The region is home to roughly one-third of the world's population suffering from extreme poverty, both the highest rates and largest numbers of undernourished children in the world, and is extremely prone to natural disasters — as we saw in April 2015 in Nepal.

In more than 100 countries, U.S. development initiatives play a vital role in expanding stable, free societies that provide lasting alternatives to destabilizing forces, while also creating markets and trade partners for the U.S. and fostering goodwill abroad — all with less than 1 percent of the total federal budget. At USAID, our mission statement guides us: We 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:

First, USAID is pioneering a new model of development to fight extreme poverty that focuses on maximizing our impact and our funding through public-private partnerships, science, innovation and regional solutions. In India, while the amount of our assistance dollars has held steady for the past four fiscal years, the total value of U.S. development programs has doubled by leveraging funding at every opportunity. Our \$80 million investment since FY 2012 in 35 public-private partnerships is leveraging over \$338 million to advance shared goals in food security, health, clean energy, education, and water and sanitation.

Second, we are building pathways out of poverty through **three priority initiatives**: Global Health, Feed the Future and Global Climate Change. In regions like South Asia, challenges in health, food security and climate change are increasingly interrelated, demanding an integrated approach. That is 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 third, we are promoting **democratic governance** and **empowering reformers** to help build resilient institutions that are transparent and accountable to their people. We know that government by the people offers the best chance for individual freedom and prosperity. Solutions to South Asia's challenges must 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. Our sustained support for civil society is especially vital in light of broader regional threats — such as violent extremism — that confront young men and women in South Asia.

Next, I would like to provide brief overviews of our largest bilateral programs in the region:

Bangladesh

Bangladesh is the world's eighth most populous country and the world's third largest Muslim-majority country. With nearly 40 percent of the population living in extreme poverty, the country faces immense development challenges and today finds itself at a crossroads in its democratic evolution.

The recent brutal murder of one of USAID's own local staff highlights the dangers of rising violent extremism in Bangladesh. We must also examine how political gridlock and increased access to social media are feeding radical narratives in the country and how we can help counter the drivers of violent extremism through support for civil society, human rights and anti-corruption initiatives.

Despite the challenges, USAID has helped Bangladesh achieve significant development successes including:

- Cutting its national poverty rate in half in the last 15 years;
- Reducing deaths of mothers and children under 5 by more than two-thirds in the last 25 years, thereby achieving early its Millennium Development Goals; and
- Helping to improve the management of almost 2.5 million acres of forest and wetlands across the country, including the Sundarbans mangrove forests representing nearly half of Bangladesh's remaining forests and home to the largest remaining population of the endangered Bengal tiger.

Bangladesh faces immense challenges in agricultural production as a low-lying, coastal country continually battered by cyclones — with close to one-third of land flooded during a normal year. Through Feed the Future, USAID has helped farmers on the front lines successfully adapt to these harsh climactic conditions through the use of technology and new rice varieties that can

withstand flooding and high salt levels in water. As a result, Bangladesh does not have to rely heavily on rice imports, and is now exporting rice to Sri Lanka among other places.

Despite this progress, Bangladesh remains food deficient with diets lacking in diversity, resulting in roughly one in three children under age 5 being stunted. Feed the Future helps increase production and consumption of foods that complement the nutritional value of rice, including fruit, vegetables, fish, shrimp and legumes — while also boosting household incomes. For example, USAID supported the development of a new eggplant variety that resists a common insect pest, enabling farmers to increase yields while dramatically reducing pesticide use. In just four years, we have seen a nearly 16 percent reduction in poverty and a 14 percent decline in under-5 stunting in the areas where Feed the Future works.

In the health sector, despite the successes in reducing maternal and child mortality, 60 percent of child deaths still occur during the first month of life. We have contributed to a more than doubling of the availability of nutrition services in Bangladesh. We also introduced Asia's first nationwide maternal and child health cell phone messaging service in Bangladesh, which is allowing us to reach more than 1.5 million subscribers with crucial health information about vaccinations and proper nutrition.

A dense population has put such extreme pressure on natural resources that Bangladesh now has one of the lowest percentages of forest cover worldwide. USAID helps Bangladesh conserve its biodiversity by helping people who live in or near forests and wetlands rely less on exploiting those natural resources. And to help Bangladesh better protect lives and livelihoods from more destructive and erratic flooding, USAID and NASA have helped Bangladesh *double* the lead time on its flood warnings. As a result, in 2014, the government issued a flood warning earlier than previously based on the system's prediction. In this case, 17 lives were lost, compared with thousands of lives lost in prior floods of similar severity.

Despite a difficult political situation, USAID is helping the government develop and implement legislation to reduce domestic violence and early and forced marriage, expand access to legal aid, stem human trafficking, and promote human rights. Three years following the Rana Plaza tragedy, USAID remains committed to supporting improved working conditions. We launched a three-year program to provide advocacy skills training to trade union members — with a particular focus on women, who comprise an overwhelming majority of garment workers. This program seeks to build on the success of USAID's Global Labor Program, which has helped register over 300 trade unions since 2013.

India

India is the world's largest democracy and seventh largest economy. Yet, India is still home to roughly one-quarter of the global population suffering from extreme poverty. Moreover, its rapidly growing population is projected to make India the world's most populous country in a matter of years. It is this dichotomy that makes India a story of great success, but also a country with formidable development challenges. In response, USAID has reoriented our assistance from the traditional donor-recipient model to a peer-to-peer, strategic partnership that leverages India's growing human and financial resources to tackle development challenges together, both in India and globally. For example:

- Through our Urban Water, Sanitation and Health (WASH) Alliance, we are leveraging double our initial investment from the Indian private sector to improve access to clean water and sanitation in India’s five largest urban centers.
- Through the President’s Emergency Plan for AIDS Relief (PEPFAR) and technical collaboration to strengthen health systems and delivery at the national, state and local levels, the Government of India can now fund over three-quarters of its HIV/AIDS prevention and treatment efforts, greatly reducing its reliance on USAID, PEPFAR and other donor support.
- The U.S. and India have partnered together to support the development of 100 promising interventions from health to energy and food security. India’s technological and process innovations in the dairy sector, which USAID helped transfer to Kenya, have increased milk production by more than 50 percent in the pilot areas. Over the coming year, we plan to reach more than 90,000 farmers outside India — in countries including Nepal, Kenya and Malawi — with proven Indian innovations to help them improve agricultural productivity.

Successfully addressing India’s health challenges has global benefits. India is home to 25 percent of the world’s tuberculosis (TB) cases, and roughly 20 percent of global maternal and child mortality cases. More than 40 percent of Indian children under 5 are underweight — one-third of the global total. Accordingly, the bulk of the budget request for India will go toward maintaining momentum on shared child and maternal survival goals and key HIV/AIDS, TB and other infectious disease reduction targets. We also continue our partnership efforts to provide sustainable clean drinking water and sanitation solutions in India’s cities.

Already the world’s third largest emitter of greenhouse gases, India faces the challenge of improving the reliability, accessibility and affordability of energy supplies to meet unprecedented industry and household demand. Roughly one-quarter of the population — or 300 million people — is not connected to the electrical grid. Through the Global Climate Change Initiative, USAID is supporting the Government of India in implementing its National Action Plan on Climate Change, which aims to reduce the carbon intensity of the Indian economy by at least 30 percent by 2030. We are targeting regulatory, market and operational barriers to integrating power from variable renewable energy sources into India’s grid. And we are launching a new “Greening the Grid” activity to help India ready its grid to handle a rapidly increasing supply of energy from renewable sources and provide power to millions more people.

Addressing gender inequity is a crosscutting focus of all USAID initiatives in India. In partnership with UN Women and the governments of India and Japan, we are implementing a “Safe Cities” partnership that focuses on increasing safety for women in public transportation, schools, streets and on sidewalks, and connects women with advocacy and support services. Our support is making a difference in lives such as Shameem’s, whose real name I won’t use to protect her identity. Shameem was abused by her husband and mother-in-law. One day, she escaped and met a community leader who connected her to a mobile phone application supported by USAID, which she used to learn about the support services available to her and build up the confidence to seek help from the police. Today, Shameem lives separately from her husband, free from domestic abuse, and is earning enough income to support herself and her son.

Finally, with strong bipartisan support in Congress, we are supporting the promotion and preservation of Tibetan culture and the resilience of Tibetan communities in India and Nepal, including health programs for Tibetan refugees.

Nepal

Nepal is one of the world's poorest countries and continues to cope with the effects of a decade-long insurgency that ended in 2006. Since the end of the conflict, USAID has helped Nepal:

- Cut its extreme poverty rate in half from 53 percent to 25 percent from 2003 to 2011;
- Meet its Millennium Development Goals by drastically reducing child mortality, improving maternal health and increasing universal primary education; and
- Conduct two credible elections with high voter turnout due to our voter registration support.

Yet significant challenges remain that threaten Nepal's stability, including stagnant economic growth, acute food shortages and severe natural resource degradation. These challenges have been compounded by the devastating 7.8 magnitude earthquake on April 25, 2015 that killed nearly 9,000 people and impacted 3.5 million. The FY 2017 budget request enables us to continue addressing these issues and vital ongoing recovery efforts.

USAID's work in Nepal focuses on health, food security and climate change to reduce poverty and build resilience to recurrent shocks like natural disasters. The Agency focuses on key cross-cutting issues, such as gender equality, and on improving the Government of Nepal's ability to effectively and accountably deliver public services. Reconstruction from the earthquake is likely to take many years, with total economic losses and damages estimated at \$7 billion. U.S. support for Nepal's earthquake recovery is critical to helping the country maintain its development progress.

When the earthquake struck, our 20-year investment in disaster risk reduction proved critical to Nepal's ability to respond — from the more than 1,000 USAID-trained first responders who conducted search and rescue missions, to a major hospital that continued treating patients uninterrupted due to a preparedness plan we had helped establish. In addition, the U.S. Government mobilized \$130 million to respond to immediate post-earthquake needs, re-program existing projects into the earthquake-affected districts and launch new projects to support long-term recovery. As part of the recovery effort, USAID has:

- Supported the training of more than 900 masons and engineers on safer building design;
- Funded the construction of 1,000 temporary learning centers to keep children in school;
- Supported more than 33,000 of the hardest-hit households with grain storage, tools and training to restart farm operations;
- Opened a second Feed the Future zone of influence in five earthquake-affected districts and immediately expanded emergency nutrition activities;
- Expanded our counter trafficking in persons operations to six additional earthquake-affected districts associated with an increased risk for gender-based violence, unsafe migration and human trafficking; and

- Helped jumpstart the agriculture sector, rebuild livelihoods, get children back in school, train homebuilders in earthquake-resistant methods, prevent disease outbreaks and maintain healthy communities.

During the immediate aftermath of the earthquake, USAID initiatives (such as our highly successful integrated nutrition program) proved vital to the survival and well-being of households like Hira Bharati's. When the earthquake struck, Hira lost her house, her husband's grandfather and eight goats. Help did not arrive for months to her remote village. But thanks to training she had received from USAID in vegetable gardening — which before the earthquake had been a source of additional income for her family — she was able to feed her family and supply high-nutrient vegetables like sweet potatoes to more than 150 nearby mothers.

In Nepal, nearly half of all children under 5 years of age are nutritionally stunted. Through our comprehensive nutrition program, USAID has helped to increase the percentage of children receiving a nutritious diet in target areas by 64 percent while also helping families earn an additional \$3,500 a year on average by selling excess vegetables and poultry.

Despite the earthquake, Nepal managed to enact a new constitution in 2015 that deepens democratic processes and paved the way for the appointment of Nepal's first female president and speaker of the house. Nepal also achieved zero poaching of rhinos, tigers and elephants over the past two years, in part due to the vigilant patrolling of hundreds of community-based anti-poaching units supported by USAID.

Sri Lanka

The January 2015 presidential elections ushered in a new chapter in Sri Lanka's history and offers an opportunity for a stronger partnership between our two nations. Sri Lankans went again to the polls in August 2015 to support a sweeping reform agenda that seeks to limit executive power, ensure greater freedom of expression, address corruption and begin the process of reconciliation and transitional justice after years of conflict.

Seizing the opportunity presented by this democratic breakthrough, USAID is expanding its support for the government and people of Sri Lanka to help achieve advancements in human rights, economic equality and stability that were inconceivable just over one year ago. Our support helps advance Sri Lanka's reform, accountability and reconciliation agenda. We have:

- Begun helping to strengthen the effectiveness and oversight capabilities of the new Parliament through technical assistance and training of professional staff and committees;
- Provided job skills to more than 50,000 vulnerable Sri Lankans affected by conflict and natural disasters; and
- Provided legal aid or victim's assistance to over 31,000 individuals from low income or marginalized communities across the island.

On democracy and governance, this is a new era for democratic institutions. Prominent among them is the Parliament, which is poised to play a greater role in policymaking and government oversight.

USAID also supports other key democratic institutions including the judiciary, the Election Commission and the Auditor General. This assistance supports strengthening the rule of law and access to justice consistent with Sri Lanka's international human rights obligations, supports the continuation of credible elections, and helps take on corruption by improving transparency of public financial management systems. Further, the government has expanded space for civil society to participate in issues of accountability, rule of law, human rights and reconciliation — and we continue supporting local organizations to serve an important role in bolstering democracy and conflict resolution.

Despite progress on economic growth, significant disparities in income and access to basic services persist across the country. After the resettlement of more than 300,000 people displaced during the final stages of the 26-year conflict, which ended in 2009, progress is now hindered by post-conflict issues, including gender-based violence and hardships affecting youth, war widows, ex-combatants, persons with disabilities and female heads of households. USAID focuses on former conflict zones and economically lagging regions of Sri Lanka, especially the North and the East, through catalyzing private sector investment and improving livelihoods in the agriculture, dairy and poultry sectors; promoting healthy food options; and linking local producers to markets.

Maldives

Finally, in Maldives, USAID continues providing assistance to mitigate the negative impacts of global climate change, including creating a sustainable fresh water supply through the use of desalination plants, and strengthening the sustainable management of coastal resources — particularly coral reefs — which protect lives and sustain livelihoods.

Conclusion

Mr. Chairman, in an interconnected world, we are all safer and stronger at home when fewer people face destitution abroad, when our trading partners are flourishing, when nations around the world can withstand crises, and when societies are freer, more democratic and more inclusive. Alongside diplomacy and defense, development plays an indispensable role 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 South Asia region.

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.

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