

WRITTEN TESTIMONY

Craig Hart, USAID Acting Senior Deputy Assistant Administrator for Asia House Foreign Affairs Subcommittee on Asia, the Pacific, and Nonproliferation *“Resourcing U.S. Priorities in the Indo-Pacific FY23 Budget”*

Wednesday, June 8, 2022

Introduction

Chairman Bera, Ranking Member Chabot, Distinguished Subcommittee Members: Thank you for inviting me to testify on USAID’s role in advancing U.S. foreign policy priorities in Asia.

USAID’s partnerships in Asia span more than thirty countries, from Kazakhstan in Central Asia to Kiribati in the Pacific Islands. Home to half of the global economy and over 60% of the world’s population¹, the fates of countries across this diverse and dynamic region are deeply intertwined with that of the United States. Like the United States, the region is still grappling with COVID-19 and facing down the existential threats of climate change. Countries across Asia continue to confront the inroads that the People’s Republic of China (PRC) is making by wielding its financial power to advance its own interests. A resurgence of authoritarian practices across the region, including from autocracies like Russia, is undermining democracy and threatening sustainable development, food security, citizen-responsive governance, and national sovereignty. The impacts of the Russian Federation’s ongoing invasion of Ukraine on Asian countries will continue to worsen. Rising fuel, food, and fertilizer prices are compounding the economic and political emergency gripping Sri Lanka and the humanitarian crisis intensified by the coup in Burma.

USAID is at the forefront of U.S. Government efforts to address these challenges. Our development and humanitarian assistance is key to achieving prosperity and stability for our partner countries, as well as for the United States. USAID’s FY 2023 budget request for the Indo-Pacific is \$1.3 billion², which is a \$156.7 million or 14% increase over the FY 2022 request. This request will help our Asian partners on a myriad of key U.S. interests. This request will help our partners adapt to the consequences of the climate crisis and reduce their greenhouse gas emissions. It will support them to develop stronger economies as they emerge from the pandemic and grapple with economic woes caused by Russia’s unwarranted attack on Ukraine. It will fortify democratic institutions against rising autocracy and other aspects of fragility. It will position the United States to maintain our leadership on the front lines of global strategic competition with the PRC.

In line with Administration priorities, the FY 2023 request prioritizes a set of key themes to advance U.S. national security and prosperity alongside that of our partners and allies in Asia. With \$248.3 million for climate programming, representing a 45% increase over the FY 2022 request, USAID will reinvigorate, reintegrate, and revitalize climate action to a level commensurate with the crisis itself and the priorities of the Biden-Harris Administration. Across

¹ <https://www.un.org/en/global-issues/population>

² Total budget figures in this testimony include , DA, ESF, and GHP-USAID funding for USAID operating units in EAP and South Asia (budget figures exclude Afghanistan, Pakistan, State EAP and State SCA regional operating units).

Asia, USAID will work to **solve urgent climate challenges** with targeted, carefully planned mitigation and adaptation activities.

Additionally, to **strengthen global health systems and health security**, the request will bolster countries' the resilience of Asian countries and economies to disease threats and build on our efforts to end COVID-19 and address other infectious diseases. USAID will strengthen the **democratic systems** that are critical for peace and stability and expand **digital infrastructure**, the main gateway for citizens to access information and participate in the digital economy. Recognizing that the full participation of all people—including **women, girls, and marginalized groups**—is essential to resilient and prosperous societies, we will advance the President's democracy goals and reflect USAID Administrator Samantha Power's vision for inclusive development. USAID will expand investments that directly **address gender gaps** so that all people can equitably participate in and benefit from development. Across each of these priorities, USAID will deepen our engagement with **like-minded development partners**, including Australia, India, Japan, South Korea, Taiwan, and the European Union. We will continue to strengthen multilateral initiatives and relationships in the region, including the Quad, ASEAN, the Pacific Islands Forum, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, and the Coalition for Disaster Resilient Infrastructure.

Indo-Pacific Strategy

USAID plays a lead role in advancing the President's vision of a free and open, connected, prosperous, secure, and resilient Indo-Pacific. With this request, USAID will continue working with our allies and partners to uphold shared values and provide affirmative leadership in this critical region. Our efforts will focus on three primary areas: improving resilience to health and climate threats; promoting gender equity and equality, women's empowerment, and inclusive growth; and strengthening democratic institutions to support good governance, including through improved digital infrastructure.

I will now detail the FY 2023 budget request by sub-region and share several country highlights.

East Asia and the Pacific

For East Asia and the Pacific, USAID's FY 2023 request is \$770.4 million—a \$113 million, or a 17%, increase over the FY 2022 request.

Pacific Island Countries

The \$83.3 million FY 2023 USAID request for the Pacific is a 41% increase over the FY 2022 request. This continues a rapid scaling up of USAID investments in the Pacific Island countries, our critical partners in fostering a free and open Indo-Pacific. USAID is working to increase our presence, programming, and engagement with like-minded allies and partners. Over the past few years, USAID expanded our Pacific presence in Papua New Guinea and Fiji. In addition to our staff in Fiji and Papua New Guinea, we added new staff in the Federated States of Micronesia, Palau, Republic of the Marshall Islands, and Solomon Islands.

The FY 2023 Request will enable USAID to continue deepening our engagement with the Pacific Island countries and advance strategic priorities in the region, including the adoption of renewable energy sources, increased access to infrastructure resilient to climate change, and

stronger early warning systems for climate-induced disasters. The request will improve cybersecurity, digital policy, and e-governance; promote democratic resilience; and expand the region's telecommunications and internet infrastructure, helping Pacific economies more securely and efficiently connect with regional and global markets and increase trade and investment. For instance, USAID partners will start laying an undersea internet cable this year—months ahead of schedule—to connect Palau with the fastest, most reliable, and most secure internet it has ever had. We are pleased to be working closely with Australia and Japan on this critical infrastructure project to make a real impact in the lives of the people of Palau.

FY 2023 resources will also build on USAID's previous successes in building countries' resilience to climate change and food insecurity, particularly through climate financing. With some Pacific Island nations only 15 feet above sea level, this part of the world is particularly vulnerable to the most subtle environmental changes. As of May 2022, USAID has helped Pacific Islands countries mobilize over \$300 million from various international funds. For example, in the Republic of the Marshall Islands, one grant is protecting safe freshwater sources in low-lying island atolls.

In addition, the request will allow USAID to support livelihoods that are more resilient to the negative impacts of climate change, improve the management of its natural resources, and increase connectivity and basic service delivery. For instance, in Papua New Guinea, the Pacific region's most populous country, USAID is working to expand electricity access to 70% of the population by 2030 under the Australia, Japan, and New Zealand PNG Electrification Partnership. During the first 18 months of this partnership, USAID increased the number of people with electricity and improved energy services by nearly 30%. USAID will use FY 2023 resources to continue strengthening the country's national power utility to improve business processes and bring electricity to more families.

Across the region, we will continue to engage with our regional partners to identify needs in the other small island developing states seeking to strengthen their marine security, introduce new development programming to build the resilience of health systems, and build community resilience against shocks like natural disasters and disease outbreaks.

ASEAN

USAID works to unleash ASEAN's full potential to spark equitable economic growth, advance sound governance, and reduce trans-boundary threats, including global climate change and pandemics. With the request, USAID will foster regional economic integration, deepening our long-standing partnership with, and support to, ASEAN. For example, we will further enhance the ASEAN Single Window, a groundbreaking tool that helps reduce trade costs and barriers. According to the latest data, the exchange of electronic trade documents through the ASEAN Single Window has helped contribute to U.S. goods and services trade with ASEAN, with total trade reaching an estimated \$380 billion in 2021.

We will reduce transboundary criminal threats that threaten the stability of the region, such as trafficking in persons (TIP). In addition to leading the U.S. delegation for the first-ever U.S.-ASEAN Ministerial meeting to promote Gender Equality and Women's Empowerment priorities, USAID will also support a regional plan of action on Women, Peace, and Security to promote

human rights across the region. The request will bolster ASEAN's capacity to improve citizens' media literacy, countering disinformation.

Burma

The military coup d'état that began in Burma nearly a year and a half ago is worsening the humanitarian plight of the people of Burma. Through its scorched earth campaign, the military has killed civilians, burnt homes and crops, and imprisoned pro-democracy advocates, sharply increasing the number of internally displaced persons and rolling back years of development gains. Amid the COVID-19 pandemic, these challenges have brought into sharp focus the critical role that USAID plays in helping to ensure that essential services remain available. For example, to provide some normalcy for a portion of the 12 million students out of school across Burma last year, USAID distributed at-home learning kits to vulnerable families, including those living in camps for internally displaced persons, so that children could continue their learning. USAID also supported the country's first health clinic offering gender-affirming and integrated healthcare to transgender people, including psychosocial support and HIV testing. Across Burma, USAID also provided malaria testing and treatment to mitigate the global health risks posed by this deadly disease.

USAID and our implementing partners continue to support health, livelihoods, education, and the drive for peace, democracy, and respect for human rights. The FY 2023 request will enable us to continue this critical support for the people of Burma as they work to regain what has been lost in the face of a derailed democratic trajectory. Funding will support the protection and maintenance of democratic space and strengthen civil society organizations (CSOs) to galvanize public support for democratic principles. USAID will work with communities and CSOs across the country to address the impacts of violent conflict, address human rights violations and abuses, and strengthen processes and mechanisms for an eventual return to democratic governance.

Vietnam

In Vietnam, the budget request will advance the development of the U.S.-Vietnam Comprehensive Partnership and key priorities, like clean energy transition. Over the past five years, USAID support to government regulators, banks, investors, and private sector developers helped spur solar and wind investments in Vietnam totaling more than \$300 million. This contributed to Vietnam's exponential growth in solar energy production—which grew from less than 10 megawatts in 2017 (enough to power approximately 500 households at that time) to 16,500 megawatts in 2020 (able to power 11 million households), with solar power now making up nearly 25% of the country's power capacity. The FY 2023 request will enable USAID to continue supporting Vietnam's climate change and net-zero commitments. It will increase Vietnam's resilience to climate change, particularly in the Mekong Delta, promote nature-based solutions to mitigate climate change impacts, and develop livelihoods that are resilient to the negative impacts of climate change to align with the Administration's priority to promote climate security and resilience.

USAID will continue to support the Government of Vietnam on dioxin remediation at the Bien Hoa Airbase Area. With this request, USAID will clean up several on and off-base areas that have high levels of dioxin exposure risk. It will also enable USAID to enhance Vietnam's own

capacity for future remediation work. FY 2023 funding will continue to support persons with disabilities, strengthen reconciliation through the Vietnamese Wartime Accounting Initiative and develop bilateral communication projects highlighting how the U.S. and Vietnam are overcoming the legacies of war.

South Asia

For South Asia, the FY 2023 USAID Request total, excluding Afghanistan and Pakistan, is \$481.4 million—a 10% increase over the FY 2022 request. This budget will allow USAID to advance an array of U.S. national security policy priorities in South Asia. It will fund progress on regional approaches to solving transboundary challenges such as climate change, economic crises, and disasters. It will also enable USAID to support democratic institutions as a bulwark against corruption and coercion.

India

With a 34% increase in USAID funding for India over the FY 2022 request, USAID recognizes India's integral role in advancing a free, open, and resilient Indo-Pacific and a stable South Asia. USAID will advance India's progress on domestic and global challenges, including climate change, pandemic preparedness, health systems, and health security. USAID will expand access to knowledge and best practices in adapting infrastructure to increasingly severe climate-related threats for countries around the world through the India-led Coalition for Disaster Resilient Infrastructure.

With this request, U.S. assistance will advance India's role as a development leader in South Asia and a key regional partner in the Quad including the U.S., India, Japan, and Australia. The request also includes a \$15 million increase in development assistance to support India's role as a regional leader on combating climate change. These resources will expand renewable energy generation and energy efficiency, improve forest management and reduce emissions, and support sustainable landscapes and biodiversity conservation activities. This work expands on USAID's previous successes, such as supporting India to increase regional power trade by revising its cross-border power trade guidelines, enabling other countries to use India's transmission lines as a pass-through for their electricity trade and trade power in its markets. This revision spurred investment in diverse energy sources in neighboring countries. For instance, Bangladesh is now investing in hydropower development projects in Nepal and Bhutan to further diversify its energy sources and increase energy security.

Bangladesh

The FY 2023 USAID request of \$205 million, a 7% increase over the FY 2022 request, will promote a peaceful, secure, prosperous, healthy, and democratic Bangladesh. It will enable USAID to continue addressing shrinking democratic space, including by strengthening civil society and media; advancing labor rights and reforms; promoting transparent, participative, and responsive governance. These efforts will build on a solid foundation of success in the democracy and human rights space. For instance, through a USAID-supported anti-trafficking National Plan of Action (2018-2022), Bangladesh stood up anti-trafficking tribunals, took action against exploitative recruiting agencies, convicted more traffickers, and acceded to the 2000 UN TIP Protocol. Given its progress, the country's status was upgraded from Tier 2 Watch List to

Tier 2 in the Department of State's 2020 Global Trafficking in Persons report. Bangladesh maintained this status in 2021.

Our assistance to Rohingya host communities continues in Bangladesh. The country continues to host almost a million Rohingya refugees in Cox's Bazar and Bandarban Districts. The protracted nature of the crisis is straining host communities economically, environmentally, and socially. USAID helps host communities bolster livestock and fisheries services, enhance water and sanitation, counter TIP and violent extremism, and improve natural resource management. USAID also repairs and refurbishes cyclone shelters and promotes agricultural mechanization to strengthen agricultural value chains.

The FY 2023 request will continue to protect livelihood opportunities, boost nutrition, combat TIP, and support reforestation. The request will also enable USAID to address Bangladesh's vulnerability to devastating floods caused by rising sea levels and deforestation. The budget will integrate climate change mitigation and adaptation and strengthen natural resource management, building on successes in locally-led conservation; since 1998, USAID has worked with Bangladesh to protect over 2.5 million acres of wetlands and forest areas, a combined area roughly the size of the island of Hawaii.

Conclusion

This budget request is critical for us to provide the necessary resources for USAID to continue its central role in strengthening U.S. security and prosperity through investments that increase partner country resilience—contributing to greater stability and economic opportunity for all. Thank you for the opportunity to appear before you today. I look forward to your counsel and questions.

