

WRITTEN TESTIMONY

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House Foreign Affairs Committee Subcommittee for the Indo-Pacific

**"FY 2024 BUDGET REQUEST FOR EAST ASIA AND THE PACIFIC"**

July 18, 2023

*Introduction*

Chairwoman Kim, Ranking Member Bera, distinguished committee members: Thank you for inviting me to testify on the U.S. Agency for International Development's (USAID) role in advancing U.S. foreign policy priorities in East Asia and the Pacific and our FY 2024 Budget Request.

The East Asia and Pacific region is home to over 2 billion people, the world's fastest-growing economies, the busiest maritime trade routes, and many rapidly urbanizing societies. It is also quickly becoming one of the most digitally connected regions. These countries are essential partners for the United States to create a free and open Indo-Pacific that improves lives in Asia, underwrites regional stability and security, and helps generate prosperity here at home.

USAID's approach to the region starts not with the question of what we are against but rather the question of what we are for. We are clear-eyed about the People's Republic of China's (PRC) capabilities and intent to wield its financial, economic, political and military power to advance its interests and rewrite existing regional and global rules and norms. Equally, we know what the United States offers to the region as a partner and friend in advancing a shared vision for a free and open, connected, prosperous, secure, and resilient Indo-Pacific.

I have been privileged to work on USAID's development and humanitarian efforts in the EAP region for the past decade, most recently as our Country Representative in Laos. A recurring theme in my discussions with government, civil society, and private sector leaders is the importance of *showing up* and following through on America's commitments. Our partners count on the United States to be a bulwark of stability in a rapidly changing region, and this FY 2024 request is an opportunity to cement our reputation as a reliable partner.

USAID sees tremendous opportunities in the region, and is well positioned to support our nation's Indo-Pacific Strategy (IPS), which is the primary thrust of our FY 2024 budget request. Our efforts under the IPS focus on three primary areas: improving resilience to health and climate threats; fostering sustainable, inclusive, and transparent economic growth; and strengthening democratic institutions to support good governance and human rights. The requested increases in climate, energy security, and economic growth funding in the region are directly responsive to demand signals from our partners in the region, both in government and the private sector, who consistently raise these areas as opportunities for additional support and engagement. Our commitment to supporting good governance, economic growth, and sustainable resource management is critical to the achievement of the goals of the IPS. This request also supports the Administration's objectives under the Pacific Partnership Strategy.

Authoritarian practices across the region are undermining democratic values and threatening sustainable development, food security, citizen-responsive governance, and resilience to external coercion. These practices include an acceleration and diffusion of information manipulation. Exacerbating these challenges, countries across East Asia and the Pacific are still grappling with the consequences of an unprecedented global pandemic, through which autocrats attempted to further concentrate their power and control. On top of this, the climate crisis has become a threat multiplier. Drought and heavy rains are restricting countries' ability to feed themselves. Hunger and food security concerns have only increased as the Kremlin's unjust war in Ukraine continues to disrupt global supply chains.

All of these challenges have combined to inflict significant economic harm on the most marginalized communities in the region.

The development challenges of today are more formidable than those the world has faced at any time since World War II, with significant implications for America's national security. Due to the generous bipartisan support of Congress, and this committee in particular, USAID stands at the forefront of U.S. Government efforts to address these challenges and provides affirmative global leadership in alignment with U.S. National Security Strategy priorities. Our ability to translate our development and humanitarian assistance into progress beyond programs is key to achieving long-lasting prosperity and stability for our partners in East Asia and the Pacific, as well as for the United States.

#### *Priorities*

The President's FY 2024 budget request for USAID includes \$964.4 million for East Asia and the Pacific in the Development Assistance, Economic Support Fund (ESF), and Global Health Programs-USAID accounts. This is a \$194 million increase, or 25 percent, over the FY 2023 request. In addition, the FY 2024 budget request includes new multifaceted mandatory resources to out-compete the PRC and strengthen our role in the Indo-Pacific. The request includes \$2 billion over 5 years of mandatory outcompete funds to accelerate implementation of an affirmative vision for the Indo-Pacific region, which is defined by U.S. values and advances a free and open, connected, prosperous, secure and resilient region.

Through critical, targeted investments, this request will help our East Asian and Pacific partners build regional capacity and resilience to the growing threat posed by the PRC, uphold shared values, and continue to provide affirmative leadership in the region. In line with Administration priorities, the FY 2024 request prioritizes a set of key themes to advance U.S. national security and prosperity alongside that of our partners and allies in Asia and the Pacific. These include: boosting inclusive **economic growth**, especially regarding post-COVID-19 recovery and including support for free and open emerging digital technologies and connectivity; continuing to address challenges posed by **climate change**; strengthening **democratic institutions and norms** against authoritarianism, corruption, disinformation, and coercion; and bolstering women's economic empowerment, **gender equity**, and human rights. In addition, USAID will continue to strengthen **health** systems to detect and respond to emerging threats, strengthening global health security.

With FY 2024 funding, USAID will continue to build capacity and resilience to address regional challenges from political and humanitarian crises, to climate concerns and digital connectivity and security. It will support U.S. coordination, bilaterally and regionally, with the Association of Southeast Asian Nations (ASEAN), the Pacific Community (SPC), Pacific Islands Forum (PIF), the Partners in the Blue Pacific (PBP), and the Australia-India-Japan-United States Indo-Pacific Quad.

It is more important than ever to strengthen the capacity of key regional organizations - such as ASEAN - to better address transnational challenges, including climate change, public health, and the trade of illicit goods. USAID support to ASEAN reinforces our advocacy for ASEAN centrality and our commitment to partnership with the Indo-Pacific, aligned with the ASEAN Outlook for the Indo-Pacific.

I will now detail the FY 2024 budget request by strategic sector and share several country highlights.

#### *Economic Growth*

In East Asia and the Pacific, USAID's FY 2024 budget request includes \$122.6 million for economic growth, which is a \$48.3 million increase, or 65 percent over the FY 2023 request. This budget will allow USAID to advance inclusive, broad-based economic growth, a critical factor for enabling and supporting democratic governance that delivers for the people. While resourcing all elements of our Indo-Pacific Strategy is an Administration priority, funding to advance our economic strategy in the region is our top resource need.

This budget will support USAID efforts to bolster inclusive economic growth and the Indo-Pacific Strategy through sectors such as trade and investment, private sector productivity, and digital connectivity—contributing toward a more connected, resilient, green, and fair economy. We aim to leverage new initiatives, such as the negotiations of the Indo-Pacific Economic Framework (IPEF), which will advance key issues such as supply chain resilience, the clean energy transition, and anti-corruption. These are all issues that have an increasingly significant impact on economic drivers of growth and are essential to U.S. competitiveness.

USAID assistance will help countries in the region to resist coercive, unfair, and/or corrupt PRC trade and investment practices and advance policy, institutional, legal, and regulatory reforms that improve transparency, regulatory quality, and competition standards. These reforms will result in increased trade and investment diversification away from PRC state-owned enterprises, and toward more inclusive and sustainable partnerships.

USAID will continue working toward IPS objectives through private sector engagement to improve competitiveness and connectivity. For example, with FY 2024 funding, USAID will provide technical support to help Indonesia plan, finance, and implement clean energy programs and expand access to energy. USAID will support digital development in Indonesia, especially cybersecurity, to drive inclusive economic growth and attract greater, and mutually

beneficial, U.S. investment. USAID will integrate climate change programming into its workforce development programs, preparing young Indonesians for the “green jobs” of the future. These programs will emphasize private sector partnerships, especially with U.S. businesses.

In Mongolia, USAID will continue to promote economic diversification so that the market is more enticing to businesses seeking to invest and trade. USAID will help Mongolian micro-, small- and, and medium-sized enterprises (MSMEs) access the financing and skills to grow their businesses, enter the digital economy, and increase competitiveness. This is significant given that MSMEs make up nearly 98 percent of all enterprises in Mongolia and employ 52 percent of the country’s workforce. This work builds on previous success: since 2019, USAID has helped more than 2,600 small and medium enterprises throughout Mongolia to access \$39 million in financing.

Additionally, with the request, USAID will assist Timor-Leste to meet the requirements to join ASEAN as a full member state.

#### *Climate and Energy Security*

For East Asia and the Pacific, USAID’s FY 2024 budget request includes \$279.3 million for climate, which is a \$108.8 million increase, or 64 percent, over the FY 2023 request. The FY 2024 request emphasizes the Administration’s priority of addressing climate change by reducing emissions, protecting critical ecosystems, implementing legal and regulatory reforms, mitigating resource conflicts, helping nations transition to renewable energy, and building resilience against the impacts of climate change. There is significant demand for this support from our partners across the region.

The FY 2024 request includes a significant increase for regional programming on climate adaptation in IPEF countries. With this funding, USAID will be able to respond to IPEF partners’ priorities, as articulated in the course of the IPEF negotiations, to help them implement IPEF commitments and grow their economies, as well as the economy of the United States. We will support them in climate change adaptation through investments in agriculture systems and food supplies, nature-driven solutions, resilient cities, and investments in climate-friendly infrastructure, in alignment with the Partnership for Global Infrastructure and Investment.

Across the region, USAID will enhance climate change adaptation and mitigation by improving access to, and use of, information and tools that can help countries slow, stop, and reverse rapid deforestation, improve land and natural resources management, and prepare and respond to the impacts of climate change. USAID will support net-zero energy grid development in Asia by promoting power sector reforms, supporting the deployment of state-of-the-art energy systems and technologies, and modernizing power grids.

With FY 2024 resources, USAID will help our Pacific Islands neighbors realize their own ambitious climate adaptation and mitigation goals by advancing the adoption of renewable energy sources, increasing access to infrastructure that is resilient to a changing climate, and strengthening early warning systems for climate-induced disasters. To promote transformative

adaptation and resilience solutions, FY 2024 resources will help more residents to adopt climate-smart livelihoods and mobilize additional climate financing. Since 2016, USAID has mobilized more than \$500 million dollars for Pacific Island countries from international climate finance institutions and supported local institutions to receive full accreditation to directly access international climate finance. With FY 2024 resources, USAID will also improve the performance of energy utilities, increase transparent private sector investments in the energy sector, and expand off-grid clean energy systems in Pacific Island countries.

In addition, the request will allow USAID to boost the resilience of communities around the region so that they can keep working and earning a living—despite the negative impacts of climate change. In Vietnam, for example, USAID will use FY 2024 resources to protect the landscapes and biodiversity that agricultural communities depend on. We will continue to develop sustainable, climate-smart livelihoods, building on success creating jobs in parks, conservation zones, and watershed protection areas as well as in ecotourism. In the Philippines, which the [2022 World Risk Index](#) ranked as the country with the highest disaster risk, USAID will improve the coping capacities of vulnerable communities in the face of disaster and capitalize on the use of climate-smart technologies to advance U.S. leadership in addressing climate security, as well as food security.

USAID will also continue to engage our partners in the region and identify adaptation needs in Pacific Island countries, where extreme weather and shifting climate patterns pose an existential threat. Although collectively these nations contribute less than half a percent of global greenhouse emissions, they are on the frontlines of the struggle against climate threats.

#### *Democratic Governance*

For East Asia and the Pacific, USAID's FY 2024 request includes \$181.9 million for democracy, human rights, and governance programming, which is a \$5.5 million, or 3 percent, increase from the FY 2023 request.

Against a backdrop of rising authoritarianism, this budget will allow USAID to strengthen democratic institutions and the rule of law that are critical for peace and stability. It will allow USAID to further promote and protect a free press and civil society across the region; address discrimination, inequity, and marginalization; and, counter disinformation and harmful actions that undermine sustainable development. Critically, it will enable USAID to support democratic institutions as a bulwark against corruption and coercion.

In alignment with strategic imperatives laid out in the BURMA Act, the FY 2024 request for Burma supports, sustains, and empowers the pro-democracy movement, holds the regime accountable for acts of genocide and provides health, economic assistance, and related support to the people of Burma. Development assistance with an increasingly localized, conflict-sensitive approach can strengthen the capacity of diverse stakeholders to build the foundation for a future federal democracy in Burma.

In Timor-Leste, which celebrated twenty years of democracy last year, champions are now working to build still-nascent institutions, bolster human capital, and overcome significant health and economic challenges. To support the country's development trajectory, USAID will use FY 2024 funds to strengthen civil society and support the Timorese Government's accountability and integrity reform program, which seeks better management of state public resources for improving service delivery. This includes strengthening health sector governance and the capacity of civil society organizations. Funding will allow USAID to implement programs that reduce opportunities for corruption and build on a cooperative and fruitful partnership with the government; for example, in 2022, a USAID-supported copyright law designed to protect digital creativity and innovation was approved by parliament and is set to come into force in June 2023. Additionally, with the FY 2024 request, USAID will assist Timor-Leste to meet the requirements to join ASEAN as a full member state.

Support for Indonesia – a member of the G20, home to ASEAN headquarters, and a nation in strategic proximity to over one third of the world's commercial shipping – demonstrates U.S. commitment to this growing democracy and the overall connectivity and prosperity of the Indo-Pacific. With FY 2024 funding, USAID will support the government to improve basic public services, increase transparency, promote tolerance, and build inclusive coalitions for advocacy that engage citizens as the voice for accountability and reform. Building on Indonesia's strong democratic foundation, funds will also expand access to information; support the protection of constitutional rights, including for journalists and Indonesia's most vulnerable populations; and address corruption. Since 2018, USAID has provided crucial support to Indonesia Corruption Watch to create an online learning platform that has educated tens of thousands of youth, community members, and civil servants on corruption prevention.

### *Health*

For East Asia and the Pacific, USAID's FY 2024 request includes \$196.3 million for the Global Health Programs (GHP)-USAID account, which is a \$5.8 million increase, or 3 percent, over the FY 2023 request.

Health programs that support stronger health systems play a critical role in sustainable, inclusive development gains and support a free, open, and resilient East Asia and Pacific region over the long term. With this request, USAID will continue to bolster the resilience of partner countries and economies to prevent, detect, and respond to infectious disease threats—including future outbreaks—and increase their ability to withstand future shocks. FY 2024 resources will help address tuberculosis, malaria, dengue, and other diseases; improve nutrition and health among mothers and babies; and promote resilient health supply chains, all of which also contribute to strengthening health systems to recover from COVID-19-related disruptions. For example, assistance through USAID's Regional Development Mission/Asia (RDMA) will strengthen multi-sectoral country systems and capacities to mitigate the drivers of disease emergence; strengthen laboratory and surveillance capabilities to address infectious disease threats; improve risk communication; and reduce the spread of antimicrobial resistant pathogens.

At the global level, the COVID-19 pandemic underscored the link between public health, emerging diseases, and the economy. The FY 2024 request will allow USAID to support ASEAN health security priorities through technical support and capacity building in partnership with the Center for Disease Control’s regional office in Hanoi. USAID activities will promote coordination and information sharing across ASEAN member states through the ASEAN Public Health Emergency Coordination System as well as support ASEAN’s goal to establish a One Health approach to address emerging infectious diseases based on the relationships between human and animal health and the environment.

Across the East Asia and Pacific region, USAID will continue to support the goal of combating infectious diseases. Malaria and drug resistant malaria, in particular, remain serious and persistent threats to public health, particularly in Southeast Asia, which has the second highest estimated malaria burden globally.<sup>1</sup> With FY 2024 funding, under the U.S. President’s Malaria Initiative, USAID will scale up proven preventive and treatment interventions and new approaches with the aim of eliminating drug resistant strains in the Greater Mekong Subregion. For example, in Thailand, USAID helped integrate drug efficacy monitoring within routine surveillance systems to ensure complete patient treatment and to detect early signs of drug resistance, an approach that is now being replicated in other Greater Mekong Subregion countries, contributing to a safer, more secure, and resilient Indo-Pacific.

In Laos and Timor-Leste, USAID will strengthen health systems and expand services for maternal child health and nutrition (MCHN) programming. FY 2024 funds will improve much-needed health and nutrition outcomes among pregnant and postpartum women, newborns, children, and adolescents in hard-to-reach communities. These efforts will also strengthen local level health care providers’ ability to engage with communities to improve nutrition and build local-level health governance and resilience. This MCHN initiative—a priority for the governments of Laos and Timor-Leste—serves as an important trust building measure in our growing bilateral relationship as well as an activity with a strong localization focus and an excellent way to strengthen local governance, accountability, and local voices.

USAID will use FY 2024 resources to address the myriad health crises in Burma precipitated by the coup, including the near collapse of the public health system, large-scale population displacements, and the inequitable COVID-19 and routine childhood immunization coverage in areas out of the regime’s control. The funding will also build the capacity of ethnic health organizations to monitor health threats and deliver lifesaving services in resistance areas, including the administration of routine immunizations for children.

### *Gender Equality and Women’s Empowerment*

For East Asia and the Pacific, USAID’s FY 2024 request includes \$119.1 million attributed for gender, which is a \$5.9 million increase, or 5 percent, over the FY 2023 request.

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<sup>1</sup> <https://www.who.int/southeastasia/health-topics/malaria#:~:text=Malaria%20is%20a%20serious%20and,highest%20estimated%20malaria%20burden%20globally>

USAID recognizes that the full participation of all people—including women, girls, and marginalized groups—is essential to a resilient and prosperous region. With FY 2024 resources, USAID will continue to promote gender equality and women’s empowerment across East Asia and the Pacific. We will increase women’s political, civic, and economic engagement; address gender norms and systems that perpetuate inequalities; and combat gender-based violence so that more individuals can live safer, healthier lives and contribute more fully to their societies.

In Papua New Guinea, USAID will use FY 2024 resources to prioritize the empowerment and protection of marginalized populations—with a focus on women and girls, who are increasingly vulnerable to gender-based violence and human trafficking. Funding will allow USAID to boost skills and increase their access to credit so that more women can participate in the formal economy.

USAID will use FY 2024 resources to implement shared U.S. and ASEAN priorities of gender mainstreaming, women’s economic empowerment, addressing gender based violence, and women, peace, and security as agreed upon in the September 2022 U.S. ASEAN Gender Ministerial led by Administrator Power. USAID will support ASEAN to implement the Regional Plan of Action for Women, Peace, and Security, launched in December 2022, and will support the ASEAN Gender Mainstreaming Framework. USAID will support ASEAN member states to better address gender-based violence in the workplace, and support women-owned small and medium enterprises to fully participate in the digital economy.

### *Conclusion*

USAID remains committed to our friends and partners across East Asia and the Pacific. We have heard from leaders and communities across the region of the importance of continued U.S. presence in the region. This budget request allows us to provide the necessary resources for USAID to deliver on our commitments and continue our central role in strengthening U.S. security and prosperity through investments that increase partner country resilience. Our efforts aim to contribute 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.