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“The President’s Plan for Afghanistan and Pakistan: Objectives and Resources”
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Chairman Ros-Lehtinen and Chairman Yoho, Ranking Members Deutch and Sherman, and Members of the Subcommittees, thank you for inviting me here to discuss the Administration’s Fiscal Year 2018 Budget Request for the U.S. Agency for International Development’s (USAID) assistance to Afghanistan and Pakistan. Thank you for your leadership on these subcommittees as we face complex and evolving humanitarian and development challenges. It is an honor to appear before you with the Acting Assistant Secretary for South and Central Asia, Ambassador Alice Wells, to discuss U.S. assistance that supports our national security interests, promotes our prosperity, and advances American leadership by helping our partners recover from conflict and promote the inclusive governance and economic growth needed to foster their own stability.

I would like to thank the women and men in our military who have served in Afghanistan – who, in some cases have given their lives – and I’d like to also express appreciation to their families. Our gratitude also goes to those thousands of brave American civilians who have served in both Afghanistan and Pakistan, whether they are development workers from the U.S. Agency for

International Development, diplomats of the U.S. Department of State, or the thousands of men and women working shoulder to shoulder with us as contractors and grantees implementing U.S. programs in the region. I would also like to recognize the local Afghan and Pakistani citizens who work – and sacrifice – alongside us to ensure their countries’ futures are ones filled with increased access to opportunities, enhanced stability, and a hopeful tomorrow for their children.

As Assistant to the Administrator for the Office of Afghanistan and Pakistan Affairs, I bring extensive USAID experience across some of the U.S. Government’s most important portfolios, including both Afghanistan and Pakistan. From 2010-2013, I served as USAID/Afghanistan’s Senior Development Officer in Regional Command East embedded with the U.S. Military, working on stabilization efforts, and from 2013-2015, I was USAID/Pakistan Deputy Mission Director for our efforts in the Federally Administered Tribal Areas and Khyber Pakhtunkhwa province. Additionally, I served as Mission Director for USAID/Ukraine from 1994-1999, and was Associate Mission Director for USAID Egypt from 1987-1992. I am eager to continue USAID’s important foreign assistance programs and to work with Members of Congress to further America’s security and economic interests.

The President’s FY 2018 Budget Request for assistance to Afghanistan and Pakistan reflects our nation’s efforts to advance our national security interests and further strengthen our peaceful partnership with both countries, while furthering the President’s South Asia strategy. The United

States continues to work with both countries to enact the necessary reforms that will enable them to be more economically self-sufficient and less reliant on donor assistance over time. A stable Afghanistan that serves as a bulwark against violent extremism, along with a secure Pakistan that plays a constructive role in the region, are in America's national interest.

Over the past several years, with vital support from Congress, we have taken clear measures in Afghanistan and Pakistan to ensure our assistance promotes stable, inclusive, and increasingly prosperous countries. Continued investments in economic development, health, education, women's empowerment, and good governance builds social and economic capital, generates revenue, and strengthens public opinion of government legitimacy and effectiveness. This, in turn, promotes stability while simultaneously addresses factors that can push individuals towards violent extremism. Our assistance programs in both countries, therefore, promote economic growth, and advance U.S. national security interests. We appreciate this support from Congress, and the recognition that USAID's development programs are critical components for achieving U.S. national security objectives, and will, in the long run, improve the prosperity of the United States, and of Afghanistan, Pakistan, and our partners in the region more broadly.

Afghanistan

The FY 2018 USAID request for Afghanistan is \$650 million in Economic Support and Development Fund (ESDF) assistance. These resources will facilitate economic growth and

bolster Afghanistan's capacity for self-reliance so they can better maintain the gains made in health education and other basic services. American assistance is closely coordinated with our Afghan partners, and President Ashraf Ghani and CEO Abdullah Abdullah have demonstrated their commitment to these shared priorities. The Administration's FY 2018 request will be used to increase self-reliance and address factors that drive violent extremism.

Economic assistance programs will support export-led growth and create new jobs, particularly among women and youth, while facilitating opportunities for Afghan enterprises to forge new business connections throughout the region. We will continue to look for ways to attract private sector investment and support the Afghan government's efforts to increase domestic revenue generation—thereby reducing Afghanistan's reliance on international donor support.

Over the past five years, USAID has formed public-private alliances with 298 small and medium-sized enterprises in Afghanistan to help reduce the risks involved with business expansion. Afghan firms have shown their commitment by investing more than \$255 million of their own funds into these alliances to grow their businesses. USAID will foster economic growth by continuing to increase the productivity and incomes of Afghan farmers, building value chains that connect farmers, processors, and wholesalers, and expanding opportunities to export Afghan goods to international markets. Already, progress is being made. In late September, with USAID support, Afghanistan and India held a trade and investment show in Delhi, India,

attracting significant interest. A total of 1,700 Indian and Afghan businesses, VIPs, government officials, members of the media and organizers attended the show. Indian and Afghan businesses negotiated approximately \$240 million in confirmed and potential deals, including \$27 million in signed contracts for Afghan goods, joint ventures and investments.

USAID is helping Afghans develop the capacity to both advocate for and implement citizen-led reforms which reduce corruption and strengthen democratic institutions. A more accountable, responsive, and legitimate state can provide a credible alternative to the appeals of violent extremists. This includes enhancing the ability of key electoral, representative, judicial, and executive branch institutions to serve Afghan citizens and by supporting the growth of media and civil society organizations. USAID is preparing to support the upcoming parliamentary and presidential elections in 2018 and 2019, respectively. During these elections, as in the elections in 2014, USAID plans to support the Independent Election Commission and Afghan organizations that provide independent oversight of the election process and collect pledges from presidential candidates on issues including anti-corruption and women's rights. To ensure we continue to support gains made in women's empowerment, USAID programs will directly support increased access to both basic and higher education, private sector employment and entrepreneurship, civil service and government employment, leadership development and civil society advocacy.

The Afghan government, in particular President Ghani and CEO Abdullah, takes anti-corruption efforts very seriously. USAID supports the Afghan government's efforts to combat corruption, which will require continued achievement of key reforms on their part. The seriousness placed by President Ghani and CEO Abdullah is reflected at the ministry level. Since June 2016, the Ministry of Public Health (MoPH) has referred 84 corruption cases to the office of the Attorney General. MoPH officials, in partnership with the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC), have released a new anti-corruption plan tailored to the ministry. USAID, and the broader donor community, support the MoPH and MEC in these efforts. Building on this success, USAID has broadened our collaboration with the MEC on corruption vulnerability assessments with the Afghan Attorney General's Office and the Ministry of Education.

USAID is helping the Afghan government to strengthen its justice system, to ensure that fair, impartial justice is accessible to all citizens. This year, USAID, in collaboration with Afghanistan's Attorney General's Office, launched a program placing 242 Afghan female law and Sharia graduates in a six-month internship in the provincial offices of the Attorney General in all 34 provinces of Afghanistan.

Additionally, USAID recently awarded the Afghanistan Measure for Accountability and Transparency project. The goal of this project is to reduce and prevent corruption in the government's delivery of public services by identifying and addressing vulnerabilities to corruption, supporting select Afghan government institutions to implement anti-corruption reforms, and strengthening local civil society organizations' ability to effectively monitor progress on reforms and advocate for their implementation where necessary.

Health programs will seek to preserve the gains made over the last decade-and-a-half by enhancing the ability of the Ministry of Public Health to provide basic health services and leveraging the private sector to complement its efforts. In 2016, close to one million mothers received prenatal care and approximately 700,000 deliveries were performed through World Bank-supported health facilities with assistance from USAID and the international donor community. This year, Afghanistan's Cabinet approved the collection of user fees for health care in government-owned health facilities. These health care user fees help recover costs and discourage the excessive use of health services and the overconsumption of care.

From primary school to the university level, USAID is strengthening the processes and institutions which undergird the national educational system to ensure that all children and young adults will have the chance to attend school and seek skilled employment. A nationwide education system with professional teachers using high-quality, relevant learning materials and

methodologies is essential to economic growth, democratic development, and stability. Today, according to Afghanistan's Ministry of Education, more than nine million students are enrolled in schools, 40 percent of whom are girls.

Pakistan

The Administration's FY 2018 Budget request for Pakistan includes \$200 million in ESDF and \$11.25 million Global Health Program (GHP) funds. Pakistan continues to be an important partner for the United States. There are significant areas of divergence in our relationship that require attention, but our civilian assistance efforts are focused on advancing U.S. interests in this vital region.

The United States has supported the efforts of the Pakistani Government to re-establish the writ of the state in areas formerly controlled by militant and terrorist organizations. USAID's efforts have been to support civilian government institutions and to provide humanitarian assistance in Khyber Pakhtunkhwa and the Federally Administered Tribal Areas (FATA). The UN reports that 85 percent of Internally Displaced Persons have returned to FATA. USAID will work with civilian authorities and the international community on Early Recovery programs to re-establish livelihoods, reconstruct small infrastructure damaged in fighting, and help rebuild communities scarred by years of war. As Pakistan makes decisions on mainstreaming FATA, USAID will provide support to government institutions and civil society to implement Pakistan's reform

agenda. Funding will also support programming in targeted areas of Karachi and southern Punjab which are vulnerable to violent extremism. USAID will support civil society organizations that want to actively participate in the democratic process, assist the Government of Pakistan to deliver reliable municipal services to its citizens, and help Pakistan build the capacity of its institutions to manage upcoming elections, including the planned 2018 federal election.

Energy activities include technical and financial assistance that will help the Government of Pakistan attract higher levels of private investment into its energy sector, ultimately supporting stability and growth in the region. The United States will support Pakistan as it improves governance and policy reform efforts, incentivizes improved distribution company performance, upgrades the power transmission system, and attracts private investment to the sector.

Economic growth activities will work with Pakistan to support financial market development, promote regional economic connectivity, and provide assistance for small and medium-sized enterprises, further advancing Pakistan's economic stability. In agriculture, we will help Pakistan improve the business enabling environment and further develop value-chains, through a combination of policy reform work, capacity building, and improving crop-yields through the dissemination of improved technology. In the last five years, more than one million rural households have benefited from USAID assistance. USAID supports economic policy reforms that lead to an improved business environment that facilitates private sector development and

growth. For example, in 2015 USAID assisted the Government of Pakistan to enact an amendment to the Seed Law, which established the legal enabling environment for operation of private seed companies. This legislation is expected to stimulate competition and foreign investment.

Education assistance will continue to concentrate on helping Pakistan establish the environment needed to deliver quality education to primary school students; give access to tertiary education for those who otherwise would not be able to afford it; and create the resources needed for researchers to solve Pakistan's development challenges. In basic education, the U.S.-Pakistan Basic Education Initiative – encompassing the Pakistan Reading Project and the Sindh Basic Education Project – will continue with a focus on helping Pakistan improve early grade reading, build the capacity of current and future teachers; improve school infrastructure and management, and encourage community involvement. In tertiary education, assistance to strengthening university institutions and their academic programs will continue, as well as support for the Merit and Needs-Based Scholarship Program, with 50 percent of scholarships going to women.

Health assistance will focus on helping Pakistan strengthen health delivery systems and institutions at the national and provincial level and improve access to maternal and child health. Over the last six years, USAID has provided over 7.8 million women and children with quality maternal, child, and other health care services. USAID efforts have supported the provincial

governments in Sindh, Punjab, and Khyber Pakhtunkhwa improve their budgeting capabilities. With USAID assistance, these provincial governments have been able to now set aside \$97 million of their own funding for the provision of health care services.

ACCOUNTABILITY AND OVERSIGHT

USAID takes oversight and accountability of its programs and use of U.S. taxpayer dollars very seriously. These countries are challenging environments, and USAID continues to refine and adapt its programs in order to achieve the best possible results and ensure appropriate oversight in the most efficient and cost effective manner. Both Missions have developed monitoring approaches to mitigate the limitations on mobility and reduced field staff in each country. The monitoring approach includes collecting data, as appropriate, from independent, third-party monitoring contractors; site visits by U.S. Government staff; remote monitoring of events using telecommunication technology, reporting by implementing partners, local nongovernmental organizations and civil society; and use of technological tools, such as time- and date-stamped photos. Multiple sources of monitoring data allows USAID to compare information received from separate sources to ensure the greatest degree of oversight possible.

USAID employs stringent oversight safeguards to protect programs from waste, fraud, and abuse and to ensure that American investments in Afghanistan and Pakistan achieve their intended impact. USAID modifies or suspends projects if performance is not on track or oversight

standards cannot be met. Other safeguards include partner vetting and third-party monitoring to better ensure that funds supporting projects do not benefit or further the legitimacy of the Taliban or other violent extremist organizations. In Afghanistan and Pakistan, USAID vets U.S. and non-U.S. companies, along with non-U.S. key individuals seeking to be prime contractors, sub-contractors, grant recipients, and sub-grantees, to determine whether or not they are associated with known entities or individuals associated with terrorist organizations.

CONCLUSION

As USAID looks to 2018 and beyond, the Agency is committed to strategically investing in Afghanistan and Pakistan to support the Administration's South Asia policy. Economic assistance remains a critical tool to promote regional stability, and more broadly, U.S. national security. We will continue to make these important contributions while also safeguarding taxpayer funds. It is an honor to be able to share with you today a small glimpse of what USAID is doing in that regard. Thank you and I look forward to answering any questions you may have.