

WRITTEN TESTIMONY

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Cybersecurity Policy

“FY 2024 BUDGET REQUEST FOR EAST ASIA AND THE PACIFIC”

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Introduction

Chairman Van Hollen, Ranking Member Romney, Distinguished Committee Members: Thank you for inviting me to testify on USAID’s 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 in creating a free and open Indo-Pacific that improves lives in Asia, underwrites regional stability and security, and helps generate prosperity here at home as well.

Our 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 own interests and rewrite, for its own narrow advantage, existing regional and global rules and norms. But, we know what the United States can offer to the region, as a partner and as a friend, in advancing a shared vision for a free and open, connected, prosperous, secure, and resilient Indo-Pacific.

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 budget request for FY 2024. 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 increases in climate, energy security, and economic growth funding in the region are directly responsive to requests from our partners in the region, who consistently raise these areas as opportunities for additional support and engagement. Our commitment to supporting good governance, economic growth, and sustainable resource management are all critical to the achievement of the goals of the IPS. This request also supports the Administration’s objectives under the Pacific Partnership Strategy.

We are also aware that the region’s continued growth and prosperity are hindered by rising authoritarianism, which threatens human dignity, freedom, and equality. Authoritarian practices across the region are undermining democratic values and threatening sustainable development, food security, citizen-responsive governance, and national sovereignty. 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 have 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 support of Congress, USAID stands at the forefront of U.S. Government efforts to address these challenges and provide 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 region. The request includes \$2 billion over five years to accelerate implementation of an affirmative vision for the Indo-Pacific, 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. This request will also advance the U.S. commitment to a free, open, connected, prosperous, secure, and resilient Indo-Pacific. 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: boost inclusive **economic growth**, especially regarding post-COVID-19 recovery and including support for free and open emerging digital technologies and connectivity; continue to address challenges posed by **climate change**; reverse democratic backsliding and strengthen **democratic institutions and norms** against authoritarianism, corruption, disinformation, and coercion; and bolster women's economic empowerment, **gender equity**, and human rights. In addition, USAID will continue to strengthen **health** systems to prevent, detect, and respond to emerging threats, strengthening global health security.

With FY 2024 funding, USAID will continue to build regional capacity and resilience to address regional challenges from political and humanitarian crises, to climate concerns and digital connectivity and security. It will also 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.

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 fund USAID efforts to support economic growth and the Indo-Pacific Economic Framework (IPEF) through sectors such as trade and investment, private sector productivity, and digital connectivity—contributing toward a more connected, resilient, green, and fair economy across the Indo-Pacific. Currently, USAID has on-the-ground presence in five IPEF member countries in the East Asia and the Pacific region: Fiji, Indonesia, the Philippines, Thailand, and Vietnam. We expect IPEF to drive private sector capital into the region and tackle economic priorities that we have not addressed in past trade arrangements, including supply chain resilience, the clean energy transition, and efforts to combat corruption. These are all issues that are increasingly significant economic drivers of growth and essential to U.S. competitiveness.

USAID assistance will help partners resist coercive, unfair, and/or corrupt PRC trade 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 private businesses seeking to invest and trade. USAID will help Mongolian micro-, small- and medium-sized enterprises (MSMEs) access the financing and skills they need to grow their businesses, enter the digital economy, and become more competitive. 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 2,640 small and medium enterprises throughout Mongolia to receive \$39 million in financing.

Similarly, in Laos, USAID will build a more inclusive economy by expanding access to markets and financing for MSMEs. We will support businesses as they continue to rebuild after the COVID-19 pandemic, particularly in agricultural areas and the hard-hit tourism sector. USAID will also assist Laotian MSMEs to adopt the latest digital solutions for e-commerce so that they can thrive in the post-pandemic economic environment.

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. With this funding, USAID seeks to address climate change and its increasing and interconnected impacts.

The FY 2024 request includes a significant increase for regional programming on climate adaptation in IPEF countries. With this additional funding, USAID will be able to respond to IPEF partners' requests, 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 adapting to climate change through investments in systems for agriculture and food supplies, nature-focused solutions, resilient cities, and financial investments in adaptation, particularly climate-friendly infrastructure, in alignment with the Partnership for Global Infrastructure and Investment (PGII).

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 management, and prepare and respond to the impacts of climate change. USAID will support of net-zero energy grid development in Asia by promoting power sector reforms, supporting the deployment of state-of-the-art energy technologies, and modernizing power grids.

With FY 2024 resources, USAID will help our Pacific Islands neighbors realize their ambitious climate adaptation and mitigation goals by advancing the adoption of renewable energy sources, increasing access to infrastructure 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 facilitate more residents to adopt climate-smart livelihoods and mobilize 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. Adaptation programming protects lives, promotes productive livelihoods, and supports resilient ecosystems in countries like Vietnam, where low-lying cities and delta regions are extremely vulnerable to climate change-related flooding. In Vietnam, 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 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. In Timor-Leste, USAID will support the incorporation of improved, climate-smart agricultural practices, increasing the availability of nutritious food while also leading to lower use of fertilizers and associated emissions.

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, 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 malign influence. Critically, it will enable USAID to support democratic institutions as a bulwark against corruption and coercion.

In the Philippines, USAID will use FY 2024 resources to fortify the Philippines' democratic foundations and enable the country to become a more stable and open partner to the United States. To bolster responsive, democratic governance, USAID will protect human rights and the rule of law while broadening citizen participation to increase public support for democratic systems. USAID will improve delivery of basic social services, combat corruption, and curtail transnational criminal activities—such as the trafficking of persons. USAID will assist the Philippine government to perform key governmental and public administration functions effectively and efficiently. With this request, USAID will strengthen governance structures at the local level, promote decentralization, and promote youth engagement, political participation, and leadership. Empowering citizens to produce leaders responsive to their constituents can increase resilience against the malign influence of the PRC. This work will build on USAID's progress in increasing civil society participation in local governance; for example, in 2022, USAID supported the government to streamline accreditation for civil society organizations (CSOs), increasing the number of accredited CSOs by 85 percent. Accreditation has enabled these organizations to participate in government processes and advance key development priorities in their communities.

In Timor-Leste, which celebrated twenty years of democracy last year, democracy 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 for citizens. 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 builds 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 request, USAID will assist Timor-Leste to meet the requirements to join ASEAN as a full member state.

Support to 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. For instance, 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 also help address tuberculosis, malaria, and other diseases; improve nutrition and health among mothers and babies; and promote resilient health supply chains, all of which will also contribute to strengthening health systems to recover from COVID-19-related disruptions.

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 (CDC)’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. Funds requested in the FY 2024 Budget will support the region in identifying and addressing emerging infectious disease threats at the national, regional, and community levels; strengthen laboratory and surveillance capabilities; improve risk communication; and prevent, detect, and reduce the spread of antimicrobial resistant pathogens.

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.¹ 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 Mekong Delta. 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, 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 government of Laos—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.

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

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. In the past year, TB incidence increased by 17 percent, malaria cases increased by 64 percent, and coverage of routine childhood immunizations plummeted to catastrophic levels. Fifty percent of the public health workforce remains on strike, leaving critical gaps in service delivery for the most vulnerable and marginalized people. With FY 2024 funding, USAID will expand TB services through non-regime-controlled channels, including the private sector. Funding will intensify malaria prevention and treatment efforts in ethnic-administered areas along Burma’s borders, which are contending with a dual catastrophe: a severe malaria spike and hundreds of thousands of displaced people facing an elevated risk of malaria transmission and death. 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.

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 (PNG), 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. It will allow USAID to boost women’s skills and increase their access to credit so that more women can participate in the formal economy. USAID will expand investments that directly increase women’s political and social participation in PNG, building on recent successes; in 2022, USAID increased inclusion in PNG’s national election by supporting women parliamentary candidates, with one USAID-trained candidate, Kessy Sawang, winning her election and becoming one of only two women currently serving in PNG’s national parliament.

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 expand gender equity and inclusion across ASEAN sectors in support of the ASEAN Gender Mainstreaming Framework. USAID will also support ASEAN to implement the Regional Plan of Action for Women, Peace, and Security which was launched in December 2022. Within economic sectors, USAID will support ASEAN Member States to better address Gender Based Violence in the workplace as well as promoting women’s economic empowerment through supporting women-owned small and medium enterprises to fully participate in the digital economy through training and introduction to new technologies.

Conclusion

USAID remains committed to our friends and partners across East Asia and the Pacific, and we have heard from leaders and communities across the region of the importance of continued U.S. commitment

and 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.