

Statement of Nisha Biswal
Assistant Administrator, Bureau for Asia
U.S. Agency for International Development
Senate Committee on Foreign Relations
Subcommittee on East Asian and Pacific Affairs

U.S. Policy Toward Burma

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Chairman Webb, Ranking Member Inhofe and distinguished Members of the Committee:

Thank you for the opportunity to testify before the Committee today on the important issue of our policy toward Burma. As my esteemed colleague, Principal Deputy Asst. Secretary Yun has recounted the dramatic changes underway and covered the broader U.S. policy towards Burma, I will limit myself to discussing the areas under my jurisdiction: U.S. assistance programs and policies in Burma and along the Thai-Burma border.

As Principal Deputy Assistant Secretary Yun noted, the significant steps taken by the government in Burma have been matched by actions from the United States. On April 4th, Secretary Clinton announced that the United States Agency for International Development would re-establish its mission in Burma. The Secretary's announcement recognizes the significant opening to strengthen our ties with the people of Burma and provide critical support in their efforts for political and economic reform.

Past U.S. Assistance

The United States signed the first U.S.-Burma Economic Cooperation Agreement in 1950, and thus has had a long history in that country. Following the events in 1988, USAID halted all economic assistance to Burma and USAID American staff and contractors were evacuated. Since that time, USAID has not had a mission inside Burma. While we suspended our mission in Burma, we did not stop supporting the Burmese people. The United States has continued to provide humanitarian assistance to Burmese refugees and migrants in Thailand for the last 20 years and has also provided support for human rights, democracy and independent media through USAID and the State department.

Beginning in 2003, USAID resumed limited, targeted health programs – because infectious diseases prevalent in Burma had the ability to spread and undermine U.S. disease prevention efforts here at home and in other parts of the world. These programs, which were implemented through nongovernmental organizations, were managed from our regional mission in Bangkok, Thailand. Significantly, in response to the devastation of Cyclone Nargis in May 2008, the USG provided more than \$83 million in humanitarian assistance through USAID and the Department of Defense.

Since FY 2010, funding for the USAID program has been approximately \$38 million per year, providing humanitarian assistance for Burmese living along the Thai-Burma border, in the Irrawaddy delta and Central Burma, and supporting human rights and independent media – all of which has been channeled exclusively through U.S. and international organizations and in strict adherence to legislative requirements.

Burma Today

On my recent visit to Burma, I was struck both by the resilience of the Burmese people, and the extreme fragility of its institutions. Decades of mismanagement and missed opportunities have taken their toll. Burma is a country of rich natural resources, but it is not yet able to meet its development needs due in part to weak infrastructure, low service delivery capacity, and corrupt governance systems.

Burma today is ranked among the least developed countries in the world and is one of the poorest in Asia. The United Nations Human Development Index, which is a composite index reflecting health, education, and income indicators, ranks the country at 149 out of 187 countries with comparable data. According to the World Health Organization, approximately 35 percent of children suffer from stunting.

Despite the fertile landscape, many parts of the country suffer from high levels of food insecurity and according to the World Food Programme, the national prevalence of acute malnutrition among children under 5 is 9 percent. Dengue, measles, avian influenza, HIV/AIDS, and tuberculosis (TB) all pose significant health threats in Burma, and it is in this area of communicable diseases where strengthening health infrastructure is most critical. Burma's rate of TB prevalence is three times higher than the global average and according to Médecins Sans Frontières, 85,000 people in Burma are in need of lifesaving anti-retroviral treatment for HIV/AIDS.

Yet, the nascent changes underway have fostered a sense of hope among amongst the people. During my visit I had the opportunity to meet with ethnic and religious leaders, released political prisoners and Burmese civil society leaders. And while I agree with their assessment that the reality on the ground for the average citizen, particularly in the ethnic areas has not yet changed or improved as a result of the reforms, I was also struck by the hope, optimism and determination of the individuals and organizations with whom I met, to engage the government in support of reforms and reformers in order to realize a better future for their country.

USAID Mission

This is precisely the opportunity and challenge for the United States, and for USAID. Secretary Clinton's announcement authorizing USAID to re-establish its mission will enable USAID to have the staff and capability to partner with and support the Burmese people in this endeavor. By supporting reform efforts and strengthening nascent civil society organizations, we will build on our existing commitment to improve the welfare and well-being of the people in Burma.

Pursuant to the Secretary's announcement, USAID sent to this Committee Congressional Notification #38 informing of our intent to re-open the USAID mission later this year. We expect to have a small mission within the U.S. Embassy with five to seven U.S. Direct Hire Foreign

Service Officers and eight to ten locally-hired Foreign Service National staff. We anticipate that as program needs and resource implications are still to be determined, the exact make-up and size of the mission may shift. Mr. Chairman, our plan is to have a mission director in place by the fall of this year and to have the mission fully staffed by next summer. We are sending in a retired USAID Foreign Service Officer to serve as interim Mission Director.

Mr. Chairman, as CN #38 notes, the expected startup costs for the USAID mission in this fiscal year 2012 are approximately \$600,000. The Fiscal Year 2013 budget request assumes an operating budget for Burma of \$1.7 million. While we are still developing our final mission plan, and the overall operating budget may change, we plan to absorb the operating costs of the Burma mission from within the amounts requested in the President's budget request for USAID Operating Expenses.

The establishment of this mission will enable USAID to engage more with Burmese organizations and institutions to support political reforms, foster ethnic reconciliation, and strengthen the capacity of reform-minded individuals and institutions. It will enable greater oversight of our programs and stronger coordination with other donors, multilateral institutions and eventually the private sector.

Assistance Priorities

During my visit, I met with members of the Burmese government, civil society, including non-governmental organizations and bi- and multilateral donors to assess the political, economic and social changes occurring in Burma and the opportunities for our engagement. In addition, USAID took part in an interagency scoping mission to identify the impediments to change, and look at the ways in which the USG could best engage as we observe signs of change in Burma in the future.

While we have not yet completed the programmatic assessments of needs and priorities for U.S. assistance in Burma, I would like to share with you our preliminary thoughts based on my visit and the scoping mission. We have identified four broad priorities, including the need to 1) support reforms by strengthening civil society, 2) build the capacity for institutional processes for good governance 3) support reconciliation and 4) ensure close coordination with the international donor community.

Furthermore, we see a need to continue humanitarian assistance to the refugee and displaced populations along the Thai-Burma border and to expand access and assistance to vulnerable populations in Kachin State and other ethnic areas.

Strengthening Civil Society

A broad and resilient civil society exists in Burma despite decades of repression. Most local civil society organizations are welfare and service-delivery focused, but there is a budding movement for advocacy around particular issues, such as transparency of government budgeting and decision making, inclusive policy dialogue, and promotion of human rights. The organizations are small and informal, with little management or financial structure – and they need training, mentoring, and strengthening of their technical capacity.

While the operating space for civil society at the national level has improved to a degree, most organizations are grassroots and operate in remote regions where change is harder to discern. Even at the national level, licensing and registration requirements, associated fees, and changing restrictions governing civil society, matched with an inefficient bureaucracy and severely limited communications, have made it difficult for most civil society groups to operate safely and legally. Additionally, very few local organizations have the capacity to partner directly with international donors. Yet a robust civil society is crucial for reforms to penetrate and take root at all levels of government and society. So USAID will prioritize engaging with and strengthening local civil society organizations.

Building the Capacity of Institutional Processes for Good Governance

Mr. Chairman, a consistent message we heard from both the executive and legislative government officials in Burma was their limited technical capacity and knowledge of bureaucratic procedures. This lack of technical capacity in government was also identified by civil society and human rights groups as a major roadblock to reform. For reforms to be truly irreversible, it will require transforming the culture and capacity of a large and entrenched bureaucracy. Some ministries are already aggressively tackling this challenge, while others are not. We believe engaging with the government in priority sectors such as health and agriculture, where there are reform-minded leaders, combined with support for local and international nongovernmental organizations (NGOs) is critical to addressing the alarming health and nutritional indicators in the country. Other priority areas of governance we hope to explore include parliamentary strengthening, electoral systems strengthening and support for the rule of law and an independent judiciary.

National Reconciliation

Ongoing ethnic divisions and armed conflicts continue to be a significant concern. While the government has been signing ceasefire agreements with many armed ethnic groups, these agreements, absent a more inclusive dialogue to address political grievances and development needs, will not lead to long-lasting peace. USAID, along with other donors, is exploring ways to support a reconciliation process. However, there are complex dynamics underlying the conflicts in many ethnic areas and the road to reconciliation will be long and arduous. In the meantime, we are committed to maintain our support for the Burmese populations, particularly the refugee and displaced communities on the Thai-Burma border. Ambassador Mitchell has led efforts to press other donors to maintain and expand their assistance to these populations as well. USAID continues to monitor closely the humanitarian situation in Burma, including access limitations and potential openings in Kachin and other border areas.

Donor Coordination

Because of the many development challenges in Burma - supporting reforms, engaging civil society, supporting good governance, and fostering ethnic reconciliation - we recognize the benefits of working in tandem with the other donors. The close relationships we have established with teams working on Burma issues at both the Australian Agency for International Development and the United Kingdom's Department for International Development will allow us to better coordinate our programs going forward. We are also looking at ways to engage Japan, and other Asian donors such as Thailand and Indonesia, as well as regional organizations such as the Association of South East Asian Nations. We are keenly aware of the need to build

sustainable aid mechanisms and local capacity in a way that maximizes efficiency and impact, while avoiding duplication and without overwhelming the government and local organizations.

Conclusion

Mr. Chairman, I believe this is a critical moment for laying the groundwork to address development needs in Burma that have long been unmet. The development trajectory in Burma will not be turned around overnight. But our investment, at this time, can help forestall greater human tragedies and will, in a sense, determine the steepness of the road ahead.

We are looking forward to increasing our engagement with the Burmese people. As these reforms gain momentum we look forward to the elections in 2015, which will be the true test of a transition to democracy. And we are mindful of the advice provided by Daw Aung San Suu Kyi when Ambassador Mitchell and I discussed plans for a USAID mission to ensure that our assistance builds upon the resiliency of the Burmese people.

USAID's core mission is to promote peace and stability by fostering economic growth, protecting human health, providing emergency humanitarian assistance, and enhancing democracy in developing countries. We undertake these efforts to improve the lives of millions of people worldwide because we believe it represents American values and advances our national interests. We are committed to supporting a peaceful transition in Burma that is consistent with our mission and in the mutual interest of the American people and the people of Burma.

I appreciate the vital role the Congress has played on Burma. USAID has consulted closely with this committee and other Congressional stakeholders and will continue to do so to ensure that our programs reflect Congressional intent.

I appreciate the opportunity to share with you our proposed points of engagement to address the challenges ahead in Burma. I am eager to hear your advice and counsel and welcome your questions.

Thank you.