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House Committee on Foreign Affairs
Sub-Committee on Middle East and South Asia

Assessing U.S. Foreign Policy Priorities and Needs in South Asia Amidst Economic Challenges

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Chairman Chabot, Ranking Member Ackerman and distinguished Members of the Committee:

Thank you for the invitation to testify today on the role of the U.S. Agency for International Development in addressing U.S. Foreign Policy priorities and needs in South Asia during this period of economic challenge. It is a particular honor for me to appear before this committee after having previously served as professional staff on the committee.

This afternoon, I want to share with you my perspective on the vital role of U.S. foreign assistance in this region and how USAID's development programs in Bangladesh, India, Nepal, Sri Lanka and the Maldives address regional challenges and advance American interests. I also hope to get a better sense of the Committee's priorities in the region, and what USAID can do to answer questions and address concerns you may have.

As you may know, USAID is marking its 50th anniversary this year. But U.S. assistance to South Asia dates back 60 years, before there was even an AID agency for the U.S. government. The importance of South Asia to our national interest was evident back then and is even more compelling today.

With nearly one fourth of the global population, a third of which is living in poverty, South Asia continues to experience significant development challenges. At the same time, it is also a region of strong growth and impressive progress. The American people can take pride in the role that the United States has played in this progress, whether it be the role that USAID and our Department of Agriculture played in the green revolution of the sixties and seventies, which saved millions of lives by increasing agricultural productivity and putting an end to famines on the subcontinent, or the strides that are currently being made in improving maternal and child health, reducing infant mortality and maternal deaths in Bangladesh and Nepal.

The stable and steady growth in South Asia, led by India's strong economy, has also benefitted America as an important market for U.S. exports. The last decade has witnessed a quadrupling of U.S. exports to India and a significant growth in Indian investment in the United States. In fact, U.S. exports to developing countries overall have grown six times faster than exports to major economies, and today they represent roughly half of all goods and services that the United States markets abroad.

In 2009, we exported over half-a-trillion dollars in American goods and services to those emerging market countries – and 97% of those export revenues went to small-and-medium sized U.S. companies.

At USAID, we want to accelerate the economic growth of tomorrow's trade partners, ensuring those countries grow peacefully and sustainably.

USAID's administrator has talked about the need for the United States to reach out to the bottom billion - the 2-3 billion people currently at the bottom of the pyramid who have the potential to rise above the poverty line. A large portion of these bottom billions reside in Asia, particularly South Asia. By establishing links to these future consumers today, we can effectively position American companies to sell them goods tomorrow.

Whether it is working with a strategic partner like India to identify local solutions and leverage Indian resources to solve development challenges, or strengthening fragile democracies or helping greatly impoverished and vulnerable populations emerging from conflict, USAID programs in South Asia are smart, strategic and they fundamentally advance American interests in the region.

And, under the leadership of Dr. Shah, USAID is reforming the way we do business. We are broadening our partner base and making it easier for small businesses and organizations to partner with us. We are employing the strategic use of science and technology and seeking out innovations that can have a game-changing impact. And we are strengthening our evaluation capability so that we can assess when something is working and replicate it, or determine when a program is not delivering results and should be discontinued.

USAID missions in South Asia have embraced these reform principles and are working to ensure that our programs are based on thorough assessments of needs on the ground and oriented toward achieving measurable results. We are applying the lessons learned to focus our resources where they will do the most good in this densely populated region of profound poverty, chronic food insecurity and environmental vulnerability.

And finally, we are using our investments to leverage resources from other donors and the private sector as well as from host governments. For example, in India, we are able to leverage \$4 dollars of private and other donor funding for every dollar USAID invests in these alliances. Furthermore, the Indian government is investing in USAID-supported innovations for national or statewide replication at an impressive ratio of 34 to 1 for every dollar invested.

U.S. Focus

U.S. assistance in South Asia focuses heavily on helping countries address challenges in health, food security, environment and governance.

Health - Across the region, USAID will devote nearly 50% of the FY 2012 request to improving **health outcomes**. Three countries - Nepal, India and Bangladesh - are USAID focus countries for the Global Health Initiative. U.S. investments in the health sector in South Asia have been highly effective, and have resulted in significant gains in maternal and child health, slowed the rate of population growth in the region, and have virtually eradicated polio and other childhood diseases. Smart investments like mass use of inexpensive Oral Rehydration Therapy, which was pioneered in Bangladesh with U.S. and other donor support, and of Vitamin A supplementation

have greatly reduced childhood deaths in South Asia. In the past two decades, India has reduced its infant mortality by 27%, Nepal by 39% and Bangladesh by 37%. Fertility rates have declined or stabilized through the increased availability of family planning services and contraceptives. The average Bangladeshi woman now bears fewer than three children in her lifetime, down from more than six children in the 1970s. Yet the prevalence of infectious diseases, particularly drug resistant strains of TB and Malaria and HIV are of mounting concern and an increasing focus of USAID programs in the region.

Food Security and Agriculture – Approximately 20% of our request is for improving food security and agriculture in South Asia. The Green Revolution of the 1960's resulted from U.S. collaboration in agriculture in Asia, especially in the South Asian countries of Bangladesh, Nepal and India, that led to new advances that saved millions of people from starvation. However, the region has once again become food insecure as agricultural productivity has not kept pace with the growing population, especially in light of changing environmental conditions and a stagnation in agricultural research. After decades of under-investing in agriculture programs, USAID has reinvigorated its focus on food security under the leadership of Presidents Bush and Obama.

Growing food prices are a continuing cause for concern throughout Asia. USAID is working with governments in India, Bangladesh and Nepal, as well as with other international donors and the private sector to develop comprehensive country strategies and investment plans that create a blue print for improving food security in the long-term as well as better responses to avert crises in the short-term.

The Bangladesh Feed the Future (FTF) program focuses on improving production outputs of rice, maize and fisheries. The program will support applied research to develop saline resistant strains of rice that can grow throughout the country's southern flood plains despite rising sea levels. In Nepal, the South Asian country with the lowest per capita income, USAID's FTF program will target populations in the southern Terai region of the country that were hardest hit by violent conflict during that country's civil war.

In India, the United States has embarked on a strategic partnership with the government of India to harness the capabilities of both countries to address poverty and hunger in India and around the world. This *Partnership for an Evergreen Revolution*, launched by President Obama and Prime Minister Singh, leverages U.S. and Indian government resources with private sector contributions to identify and invest in solutions such as climate resilient crops and information technology-enabled extension services that can transform agricultural systems in India and be adapted for application to food insecure countries around the world, particularly Africa. The new U.S.-India partnership will cooperatively adapt innovations to address food security challenges in neighboring countries and in Africa, starting with cooperation in Liberia, Malawi and Kenya.

Environment – Among South Asia's environmental vulnerabilities that threaten economic growth, health and security of the region, are changes in future water supplies due to shifting glacier dynamics and monsoon patterns. The Indus River, which serves the 200 million South Asian people living in its basin, is among the most vulnerable water sources in the region: melting glacier ice contributes about one-third of the Indus River's water flow. USAID is

investing in scientific research in South Asia that will inform local planning on how to conserve and manage dwindling water supplies, mitigate glacier retreat and address the health and social consequences of changing water supplies. USAID is also partnering with other USG agencies, the private sector and the U.S. and Asian scientific community to broaden the research and impact of these investments.

As regional economies grow, use of energy can be expected to increase as well. To meet its energy demand, South Asia currently depends on stores of coal, which threatens the environment with serious and potentially irreversible damage that, in turn, will threaten economic gains. USAID is working with countries in South Asia to help them meet energy demands, while protecting their valuable resources for the future.

Governance - Strengthening weak governance and improving transparency and accountability is a key focus of our programs in every sector and integral to the way we do business. USAID supports programs that advance the rule of law and improve human rights, strengthen governance, and expand democratic space in the post conflict transitions in Sri Lanka and Nepal, strengthen weak democratic institutions in Bangladesh and tackle corruption through out the region.

For example, in Nepal, USAID programs are building the capacity of key democratic institutions such as the Election Commission, Parliament/Legislature and political parties to become more democratic, inclusive and effective. Complementing these national level activities, USAID also focuses efforts at the local level, helping communities to effectively participate in development and building strong linkages between citizens and local government units.

In Sri Lanka, USAID's programs focus on consolidating peace, stability and economic prosperity in the conflict-affected regions of the east and north, addressing key drivers of conflict. Our assistance strengthens rule of law, encourages reform of local government agencies and improves access to justice for minority and marginalized populations. USAID programs have improved economic conditions in the conflict-torn North and East of Sri Lanka by helping local businesses create economic opportunities, leveraging direct private sector contributions of \$45 million for these efforts.

Disaster Risk Reduction – The South Asia region's vulnerability to natural disasters is well known. Every country suffers from devastating monsoon floods, catastrophic cyclones frequently strike Bangladesh, and Nepal's location along a seismic fault places it at high risk from earthquakes. Over the years, USAID assistance has helped governments to improve their disaster response capabilities to good effect – for example, a network of cyclone shelters saved thousands of lives in Bangladesh in 2007. But, in the wake of the recent earthquake in Japan and in Haiti not long ago, USAID is re-doubling its disaster preparedness efforts and will launch, in partnership with the World Bank and other donors, a global effort to mainstream Disaster Risk Reduction (DRR) into long term development programs. Beginning in Asia, the DRR effort will build on regional examples, such as in Nepal, where private and government sectors have mobilized campaigns to promote awareness and action to integrate DRR at national, regional and local levels. Moving forward, USAID's front end commitment to DRR is not only going to save lives when a disaster strikes, it is a smart economic investment, which can minimize more costly relief and reconstruction needs on the back end of a disaster.

Closing

Mr. Chairman, the evidence is clear: development saves lives, strengthens democracies and expands opportunity around the world. It also keeps our country safe and strengthens our own economy. Nowhere is this more prominent than in the countries of South Asia, where the economic benefits to the United States are so compelling and the potential threats to our security are so concerning.

The President's budget request and USAID's programs are a smart investment in our own prosperity and security.

I appreciate the opportunity to share what USAID is doing in South Asia and I am eager to hear your advice and counsel. I welcome any questions you may have.