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THE U.S. REBALANCE IN SOUTH ASIA: FOREIGN AID AND DEVELOPMENT PRIORITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA AND THE PACIFIC

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

MARCH 24, 2015

Serial No. 114–29

Printed for the use of the Committee on Foreign Affairs

Available via the World Wide Web: http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PUBLISHING OFFICE

93–911PDF WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

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THE U.S. REBALANCE IN SOUTH ASIA: FOREIGN AID AND DEVELOPMENT PRIORITIES

TUESDAY, MARCH 24, 2015

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 11 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Matt Salmon (chairman of the subcommittee) presiding.

Mr. SALMON. Good morning. The subcommittee will come to order. I would like to thank our distinguished witnesses, Assistant Secretary Nisha Biswal and Assistant Administrator Jonathan Stivers for coming here this morning. Thank you very much.

This hearing was called to assess the Fiscal Year 2016 State Department and U.S. Agency for International Development budget requests for the South Asia region. Today I would like to focus on how U.S. funds support the health of South Asia's democratic institutions, the strength of economic development in the region, and the management of the latent security concerns.

The relationship between the United States and countries in South Asia concerning those issues is very ripe for cooperation. Robust relations with South Asian countries would significantly bolster our rebalance to Asia. However, the region also faces some significant economic, security and human rights challenges.

To start, Bangladesh continues to face severe political challenges with in-fighting between Bangladesh National Party and the Awami League which has begun to impede on development and citizens' livelihoods. India must address development challenges for a significant part of its population with over 300 million Indians still living without electricity.

During our trip to India, the Prime Minister was noted for saying let us build toilets instead of temples, showing what a serious development it is in that region of the world. There is about a quarter of the Indian population that don't have electricity. The Maldives is increasingly a hub for foreign fighters and religious extremism, yet the issue goes unnoticed.

The United States uses limited resources to assist South Asian nations, facilitating their democratic infrastructure and economic development. Despite the region's shifting geopolitical landscape, increasingly complex security outlook, lingering human rights

issues and enduring obstacles in development, U.S. foreign assistance in South Asia has actually fallen by 48 percent, from $2.2 billion to $1.1 billion not including food aid between Fiscal Year 2012 and the requested budget for 2016. I implore our distinguished witnesses to explain whether the United States is doing enough and whether our limited funding to the region could be better utilized.

The administration requested $168 million for assistance in Bangladesh in Fiscal Year 2015 and the request for Fiscal Year 2016 is $172 million, an almost 2.5 percent increase. The vast majority of our aid dollars go to Bangladesh yet we see little improvement in living and working conditions, especially in the provision of social services. I worry that the instability caused from the rivalry between the two major political parties has disrupted our aid efforts. I hope that Assistant Secretary Biswal and Assistant Administrator Stivers will be able to explain how our contributions would be best used in Bangladesh.

India is a country of vast opportunity for collaboration on development, trade and defense. It is the world's largest democracy and it is indeed an increasingly important partner in maintaining regional peace and stability.

I visited, as I mentioned, India earlier this month and I was really, really impressed with many of the reforms that are being spoken of by the Prime Minister, and I am very hopeful that things in India will significantly improve and it will be a much more robust economy. Of course they have to have a lot larger growth rate to accommodate the, what is it, about 1 million new jobs a month? Pretty significant. I look forward to staying extremely engaged with India as the country continues to pursue their aggressive agenda of economic and infrastructure development.

I am concerned however about the treatment of women and minorities. In particular I am concerned that the government has been suppressing discourse about women's rights. The Indian Government was reported to have censored a BBC documentary about the gang rape of a 23-year-old Delhi woman. It is particularly disturbing to our principles of free speech and women's rights. I would like to know whether our administration has brought this up with the Indian Government. That was quite a topic of conversation while we were there. I believe it was called "India's Daughter."

There is not enough attention paid to the Maldives, a democratic nation of many small islands but one that sits in the middle of key shipping lanes in the region. While maritime traffic flows past the Maldivian islands, maritime security is of major concern due to political threats posed by narcotics trafficking, piracy in the Indian Ocean and potential seaborne terrorist activity.

Further reports of growing extremism greatly concern me. Why are the Maldive's serving as a hub for the recruitment of religious extremists? How are we addressing these grave concerns to our international stability and our national security?

The newly elected Sri Lankan President Sirisena recently stated he will revisit deals signed with China by his predecessor President Rajapaksa. With increased trade and investment between the two countries, Sri Lanka risks being wooed by China through major investment and infrastructure construction initiatives. I would like to know what we can do to ensure that Sri Lanka does not become

dependent on China for development and what we can do to assist the new government in addressing domestic, economic and development challenges. The requested budget must focus on promoting more democratic and accountable governance, promoting sustainable economic development and opportunities for trade and commerce in the region.

Other countries, Bhutan and Nepal, are also extremely important to our efforts in South Asia and I hope today's witnesses will be able to address them as well. I look forward to hearing from our distinguished witnesses this afternoon, and I now yield to Mr. Sherman, the ranking member of the subcommittee, for his opening remarks.

Mr. SHERMAN. Thank you, Mr. Chairman. It is entirely appropriate that we have these hearings focusing on an area with almost 2 billion people and an area in where almost half those people are under 25.

Our witnesses focus on all of the countries of South Asia with the—what should we say—shared jurisdiction with regard to Pakistan, and I know our subcommittee includes all of South Asia. There are special both aid and diplomatic authorities to deal with Pakistan and Afghanistan and maybe we would hold joint hearings looking at those two countries together. Maybe next year we will make your Pakistan/Afghanistan counterparts do double duty and come before us as well as the other subcommittee.

As to India, I think it will go down in world history to have an election in which 553 million people cast ballots as occurred in April and May of last year. India is one of our most important strategic and geopolitical partners, many important issues face the country, and I look forward to hearing from our witnesses.

As to economic relations, Ms. Biswal, you have testified before, before our subcommittee, about the importance of negotiating a bilateral investment treaty between our country. In joint statements that have come out, President Obama's visit to India in January, there is further talk of this treaty.

Now, right now our trade is about $100 billion in goods and services and we are already running a $30-billion trade deficit, 30 percent. I am interested in how the administration isn't just going to have more trade but more balanced trade. Very executive agencies of our Government have occasionally testified that if you could increase American trade by having $1 billion of new exports and $2 billion of new imports that that was wonderful. Three billion dollars in trade. The fact is, unbalanced trade means we lose jobs, and I join the Vice President in a goal of $500 billion of bilateral trade, 250 and 250.

One element of this is the U.S.-India nuclear cooperation agreement. When we voted in favor of that we were told that India would open up its market to U.S. companies by making the necessary changes in its liability laws. To date I am not sure they have done that and I look forward to hearing from our witnesses. I would hate to think that we voted for that agreement believing certain things that didn't turn out to be true and then we are being given another agreement to vote on.

As to Bangladesh, the democratic process is weak. One third of the people live in extreme poverty. The two matriarchs fight over

power. One of the dominant parties boycotted the elections altogether, and I look forward to you solving that problem easily in the next few months.

And of course when we focus on Bangladesh we need to focus on labor and working conditions. So many of us see their products in our stores. I know that there is some progress, some 200 labor unions have been established, a number of unsafe factories have been closed down. But then 2 weeks ago a roof collapses on another Bangladeshi factory and we are left with many dead and injured.

As to Sri Lanka we saw a real test of a democracy. And the greatest test of a democracy is when one party is voted out, another party is voted in, the party that is voted in actually takes power. The new President's soon to be empowered Parliament have to resolve a lot of human rights issues growing out of the 26-year-long civil war.

I understand our 2016 budget was drawn up before the surprise elections. Now hopefully we will be able to help the new President with truth and reconciliation, and the new government of course faces the possibility of nonconstitutional attack from both the former President but more importantly perhaps the former President's brother, former Defense Minister who was implicated in certain unwarranted and tragic instances at the end of the civil war.

So I see that the new President is open to trials taking place in Sri Lanka, and they might do more to heal the country than the trials taking place at the International Criminal Court or some other far-off land. I have got wonderful paragraphs written by a brilliant staff about Nepal, but my time has expired and I yield back.

Mr. SALMON. Thank you.

Mr. Connolly, did you have an opening statement?

Mr. CONNOLLY. Thank you, Mr. Chairman.

I want to welcome both of our witnesses. And I think, Mr. Stivers, this is your first. This is your debut on that side of the table so we have to be gentle.

And Ms. Biswal, let the record show you represent our Government. There seemed to be some confusion about that in the past. It is great to have you both here.

One of the things I hope we get a chance to hear from you is, I am interested in efficacy of foreign economic, of our economic assistance. We have been in South Asia a long time, and to what extent can we correlate the investments we have made over the decades with metrics that matter like GDP, the rise out of poverty, infant mortality or survivability, food production, job growth and the like, or is it just an incidental that has helped make things better marginally?

I think that is critical to this question, because how does aid play a role in our foreign policy in this corner of the world, especially the title of our hearing is The U.S. Rebalance in South Asia? Well, is economic assistance a critical tool as part of that rebalancing? What is that rebalancing? What is the role that aid is going to play and how does it make people's lives better? And how do the recipients of this investment by the U.S. taxpayer know about it? Do they make the connection that their lives are improving because of this investment the American people have made?

And I would be very interested in that because we have been at this game a long time, and I do believe that actually there are such metrics but I don't think we always do as good a job in the narrative as we should which affects support here for those investments. And if we are going to sustain them and maybe even build upon them, I think we have to have a compelling narrative and we have got to have metrics that are compelling as well.

So I look forward to your testimony in setting that context. And I am going to be in an out because I have another hearing as well, but I will be following what you say. At any rate, thank you, and Mr. Chairman, thank you for the time.

Mr. SALMON. Thank you.

Ms. Meng, did you have a statement?

Ms. MENG. Thank you, Mr. Chairman and Ranking Member Sherman. Good morning and welcome, Assistant Secretary Biswal, and a special welcome to Assistant Administrator Jonathan Stivers. I am pleased to have this opportunity to explore the importance of South Asia and the President's budget and the rebalance to Asia.

My district in Queens, New York, is home to a vibrant South Asian community with residents from all over the subcontinent, but especially India, Bangladesh, Nepal and Sri Lanka. In fact, the U.S. is home to well over 3.4 million South Asian-Americans, and this rapidly growing population has only aided in improving ties between the U.S. and the region.

The increase in bilateral cooperation between the U.S. and India, the latest anti-corruption and unifying policies of the new President of Sri Lanka, these are points to celebrate. But right now what I find most urgent is the continuing violence in Bangladesh. I will come back to this point when we have time for questions later in the hearing.

Thank you, I yield back.

Mr. SALMON. Thank you.

Mr. Bera, did you have some comments?

Mr. BERA. I will share my quick opening statement. I had, one, it is great to see both of you here, and as my colleague from Virginia said, we will take it easy on you, Mr. Stivers, today.

I had the privilege of going with Chairman Salmon to India a few weeks ago on a trip led by the chairman of the full committee Mr. Royce. And this is on the heels of the President's visit to India in January. So there is a general sense of optimism and the potential here, but there is also, obviously there are challenges as well.

We had a chance to visit with the Prime Minister again and many of his cabinet members, so from the Prime Minister's agenda our sense is he clearly does want to see this partnership grow. And you have seen some positive pieces of legislation like the raising of the FDI caps on insurance that really can have a tremendous benefit to allowing foreign investment to flow into India to help the Prime Minister reach his pretty ambitious goals.

Also when we were on the ground in New Delhi we were able to see some of USAID's work firsthand visiting the Vivekananda Slums and looking at some of the work that they are doing on the ground to address issues of sanitation, clean water, empowering

local communities, and really talking to the staff on the ground and talking to some of the folks within the Indian administration.

You are moving India from being a donor recipient country to a country that is actually then going into places like Afghanistan, going into some of the countries in Africa and becoming a donor nation as well and helping that development. And I think that is a real success story for USAID to help India develop its own capacity to be a donor nation.

So I look forward to the testimony, and again look forward to continuing this momentum on the U.S.-India partnership.

Mr. SALMON. Thank you.

Ms. Gabbard, did you have some comments?

Ms. GABBARD. Thank you, Mr. Chairman, very briefly.

Welcome back and welcome, good to see you both here. As we look toward this focus in rebalance toward the Asia Pacific it is impossible to talk about this without talking about South Asia, so this focus of the hearing today is so critical.

As we look around the world at different hotspots and different areas of concern and emerging and growing threats, I think the relative stability overall that we see in the region, I think, comes from the fact that there is this proactive engagement from a strategic sense, from a cultural sense as well as an economic sense, and I think that is connecting each of these three things.

Connecting our people, our businesses, our militaries is what is critical for us as we look at moving forward and really building this strong partnership. Obviously the India-U.S. relationship and really growing friendship is one of the most important elements of this, so I look forward to hearing from you today. Thank you.

Mr. SALMON. Thank you. And before I introduce the panelists I would like to acknowledge the Ambassador from Bangladesh Mohammad Ziauddin, wonderful to have you here today, sir.

I would like to introduce our two distinguished panelists. First of all, Assistant Secretary Bureau of South and Central Asian Affairs Nisha Biswal was sworn in as Assistant Secretary of State for South and Central Asian Affairs on October 21st, 2013. Prior to this she served from September 2010 as Assistant Administrator for Asia at USAID where she oversaw $1.2 billion in assistance to 22 countries from Central Asia to the Pacific Islands and managed a bureau and overseas staff of over 1,200 development professionals.

She has served as the majority clerk for the House Appropriations Committee Foreign Operations Subcommittee and professional staff in the House Foreign Affairs Committee where she was responsible for South Asia. So it is wonderful to have you.

And that is what the threat of commonality is because our next panelist Jonathan Stivers currently serves as the USAID Assistant Administrator of the Asia Bureau and oversees a budget of over $1.8 billion in assistance to 32 countries in South Asia, Central Asia, East Asia and Pacific Islands and manages a bureau and overseas staff of approximately 1,200 development professionals, and prior to that he served as senior advisor to the Speaker of the U.S. House of Representatives and Democratic leader Nancy Pelosi.

And we are just thrilled to have you both on that side of the table today and very interested in everything that you have to say. And we will start with you, Ms. Biswal.

STATEMENT OF THE HONORABLE NISHA DESAI BISWAL, ASSISTANT SECRETARY, BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Ms. BISWAL. Thank you, Mr. Chairman. Mr. Chairman, Ranking Member Sherman, members of the subcommittee, thank you for inviting me to testify today. I appreciate the very important role that this committee plays in shaping U.S. policy. Before I begin I ask that my full statement be entered into the record and I will summarize my comments.

Mr. SALMON. Without objection.

Ms. BISWAL. Thank you.

I am especially thrilled to be here with my good friend and colleague and fellow House staff alumnus Jon Stivers. I am also very pleased, Mr. Chairman, that you have chosen to frame today's hearing as the U.S. Rebalance to South Asia.

President Obama has clearly stated why our strategic interests in the Indo-Pacific are so clear and compelling. As the world's fastest growing region, the coming decades will increasingly show that America's security and prosperity will be linked to that of Asia.

Mr. Chairman, in your district alone demand from Asia supports 34 percent of export-related jobs and accounts for 30 percent of total exports, worth over $½ billion per year. And South Asia, with nearly 2 billion people, an entrepreneurial culture, and a resurgent Indian economy at its center, will play a large role in shaping the Asian narrative in the decades to come.

But in order for the region to achieve its potential, countries must grapple with the myriad challenges that impede progress. Democratic governance is fragile in a number of countries and must be strengthened. Burgeoning youth populations, increasing urbanization, and environmental stresses must be addressed to create sustainable and inclusive economic growth.

The President's budget request for South Asia, at just over $383 million, enables us to partner with governments, businesses, civil society and security forces to address challenges and to unlock opportunities for the region's people and for the American people.

While my testimony does not cover Afghanistan and Pakistan, I do oversee the broad areas of regional cooperation and connectivity between those two countries and the rest of South and Central Asia. And while South Asia boasts some of the world's fastest growing economies, regionally it is one of the least economically integrated, so our regional initiatives are focused on helping connect the countries of South Asia not just to each other but also to Central Asia, through our New Silk Road initiative, and to Southeast Asia, through the Indo-Pacific Economic Corridor. We work to promote the virtuous networks of trade and commerce, but we also work to inhibit the vicious networks of violence and crime, of terrorism and narcotics and human trafficking.

Mr. Chairman, the primary economic engine in South Asia is India, where our bilateral relationship is stronger than ever. President Obama's historic visit during Republic Day was a great suc-

cess, not only because of the symbolism of being the first U.S. President invited to be India's chief guest on Republic Day, but also for the very substantial outcomes that his interactions with Prime Minister Modi produced in four key areas—advancing our strategic partnership to address common goals, enhancing our security cooperation, deepening our economic ties, and increasing cooperation on clean energy and climate goals. These specific outcomes are elaborated in my written testimony, but we are very focused now on implementation and operationalization of these outcomes.

The political transition in Sri Lanka, as you mentioned, Mr. Chairman, has also opened up new possibilities in that bilateral relationship. We strongly support the new government's focus on strengthening the country's democratic institutions, rebuilding its economy, and pursuing meaningful and lasting reconciliation.

In Bangladesh, we see the potential for a modern, prosperous, strong and inclusive country. As the world's top contributor of peacekeeping forces, it is bringing stability to countries around the globe. And our assistance programs there have yielded some of the best returns on investment, addressing some of the points, Mr. Chairman, that you raised and that Mr. Connolly raised about the efficacy of U.S. assistance. Yet the political stalemate and continuing violence in Dhaka have taken a real toll on the people and the economy. We have underscored to opposition parties the need to curb violent protest while at the same time we have strongly urged the government to provide space for peaceful protest, to expand press freedoms, and to create an inclusive political process.

With respect to labor, nearly 2 years after the collapse of Rana Plaza, Bangladesh has made important progress on labor safety, especially in the number of inspectors trained and buildings inspected. But for all the progress that we have seen, we have not seen the lasting change in attitudes, enforcement, and incentives that will bring Bangladesh in line with international labor standards, so that work continues.

Mr. Chairman, in Nepal, after decades of conflict and insurgency, the country is on the cusp of creating an inclusive constitution that guarantees fundamental rights to all of its people—if all sides can compromise to support a consensus based approach. We are supporting that democratic transition and its economic development while also partnering on security cooperation focused on strengthening Nepal's significant contribution to U.N. peacekeeping operations.

Lastly, Mr. Chairman, the two smallest democracies, Maldives and Bhutan. As you noted, in Maldives we have an important but small program focused on counter terrorism and violent extremism, as well as on climate change, and the bilateral relationship had been on a positive glide path. However, we are deeply concerned about recent events, including last week's conviction and sentencing of former President Nasheed. Bhutan is a country with which we have very warm ties, and we seek new ways to support that government's very strong commitment to preserving its environment through regional programs focused on clean energy and biodiversity.

Let me conclude, Mr. Chairman, by reiterating that the security and the prosperity of the United States increasingly will be tied to

the security and prosperity of Asia. The United States can and must play a leading role in shaping and supporting that region's stability and growth in the decades to come. Thank you Mr. Chairman, I look forward to your questions.

[The prepared statement of Ms. Biswal follows:]

"THE U.S. REBALANCE IN SOUTH ASIA: FOREIGN AID AND DEVELOPMENT PRIORITES"
TESTIMONY BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE SUBCOMMITTEE ON ASIA AND THE PACIFIC
NISHA D. BISWAL
ASSISTANT SECRETARY OF STATE FOR SOUTH AND CENTRAL ASIAN AFFAIRS
March 24, 2015

Introduction

Mr. Chairman, Ranking Member Sherman, distinguished members of the subcommittee, thank you for inviting me to testify today. As a former staff member of this committee, I always appreciate the important role that you play in shaping U.S. policy. I am honored to once again appear before this committee to discuss President Obama's fiscal year 2016 budget request for South Asia and how it advances U.S. interests and priorities in this important region. And I am particularly thrilled to be here with my good friend and fellow House staff alumnus, Jon Stivers, the Assistant Administrator for Asia at USAID.

I am especially pleased that you have chosen to frame today's hearing as the U.S. Rebalance in South Asia. President Obama laid out the importance of the Asia-Pacific and Indian Ocean region during his address to the Australian parliament in 2011, when he declared that the United States has been, and always will be, a Pacific nation. The President and Secretary have underscored that, as the world's fastest-growing region, the Asia-Pacific is increasingly important to expanding economic opportunity here at home. And as the President also noted, with most of the world's nuclear power and half of the world's population spread across this

vital region, our well-being will also be increasingly impacted by security and stability in Asia.

In a region that by some projections may comprise 50% of global GDP by the year 2050, there are myriad challenges and even more opportunities to focus our attention on. With nearly 2 billion people, a growing middle class, an entrepreneurial culture, and a resurgent Indian economy, South Asia will play an increasingly important role in this Asian growth story.

But the region must also grapple with critical challenges that threaten to impede this vision of prosperity. If South Asia is to achieve its place in the Asia-Pacific century, it must strengthen governance and advance transparency and accountability; it must invest in its burgeoning youth population to engage them in productive enterprise; it must manage overcrowded cities straining under inadequate infrastructure; and it must usher in economic policies to support sustainable and inclusive economic growth.

In all of these areas, the United States is engaged across the region to partner with governments, businesses, civil society, and academia to address challenges and expand opportunities.

One major element of our engagement is how we spend our resources. At just over 383 million dollars, the President's budget request for South Asia reflects our belief that the vast Indo-Pacific region – stretching from South Asia to the West Coast of the United States – will be a nexus of growth and increased economic prosperity across the arc of the 21st century.

I should note that, while my testimony does not cover bilateral relations with Afghanistan and Pakistan, which is under the management and policy coordination of our Special Representative for Afghanistan and Pakistan, I do oversee the broad areas of regional cooperation and connectivity between those two countries and the rest of South and Central Asia.

Regional Strategy

Mr. Chairman, the United States believes that a more stable and prosperous South and Central Asia is directly in the U.S. interest. To enhance security and prosperity for the entire region, the United States is committed to working with the region to prevent destabilizing forces such as terrorism, narcotics trafficking, and criminal activity from occurring, while helping catalyze growth and prosperity through our assistance programs and initiatives like the New Silk Road (NSR) and the Indo-Pacific Economic Corridor (IPEC). The United States is creating sustainable markets and durable connectivity that will define not just South Asia's future, but also our own. A more economically-connected region will ensure that this stability and prosperity is widely shared and endures for generations to come.

For instance, our NSR and IPEC initiatives boast four major pillars – 1) building a regional energy market; 2) facilitating trade and transport; 3) improving customs and border protection, and 4) linking businesses and people – designed to specifically draw together the markets of Central, South, and Southeast Asia. These efforts will provide sustainable energy, transport, trade, and maritime connections across the region. For instance, thanks in part to USAID's South Asia Regional Initiative for Energy Integration; a 500-megawatt grid interconnection between India and Bangladesh has been established. MCC, USAID, and the State

Department also plan to provide technical assistance to help Nepal restructure its energy sector and take full advantage of its hydropower potential.

What do we hope these connectivity initiatives will accomplish? We seek to foster the development of energy linkages to light cities and power economic hubs, build road and rail links across this region's vast landscapes, and speed the interchange of goods and ideas in new markets. To address the requirements of global commercial markets, we want to remove trade impediments and streamline customs modernization, and enable seaports and land ports to utilize advanced digital technology to improve efficiency and global competitiveness. Mr. Chairman, in every one of these areas, we see a distinct role for the U.S. government and for U.S. firms as conveners, partners, and suppliers.

The United States approaches our efforts to improve economic connectivity in Asia fully aware of the challenges the region continues to face. As I noted earlier, transparent and accountable governance is key. While the power of democracy is on display in Sri Lanka and India, persistent challenges to democratic governance threaten the potential of Bangladesh and Maldives, while Nepal continues to struggle with building the political consensus to draft a constitution that will create durable peace.

India

But if there is one overarching positive trend that is driving the energy and optimism across South Asia, it is the resurgence of India – as evidenced by their vibrant election last year, which was the largest such democratic exercise in

history. Less than one year after the election of Prime Minister Modi, our relations with India are stronger than ever. The President's historic Republic Day visit was critical not only for the symbolism of that visit but also for the important outcomes in four key areas – advancing our strategic partnership, deepening our security cooperation, revitalizing the economic partnership, and advancing critical clean energy and environmental goals.

As we have energized bilateral relations with the new Indian government, there can be no doubt about the strength of our joint strategic vision. Our two countries are indispensable partners in promoting peace, prosperity, and stability across the Indo-Pacific region. We are drivers of growth across the region and around the world. And we are net providers of security, together ensuring freedom of navigation and safeguarding the maritime domain. These values are clearly enshrined in two new documents: our Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region and the Delhi Declaration of Friendship, leaving no doubt about our commitment to a peaceful, prosperous, democratic, and stable Asia. In conjunction with President Obama's most recent visit as chief guest of India's Republic Day, we also secured forward movement on some issues that were holding up our ability to advance our civil-nuclear cooperation, helping to remove hurdles that our companies faced in helping India provide clean, sustainable nuclear energy.

In the security realm, we reached agreement on a U.S.-India Defense Framework Agreement, and we continue to make progress on the Defense Technology and Trade Initiative (DTTI). Following the President's visit, we agreed on six initiatives: four co-development pathfinder projects and two working groups to explore aircraft carrier technology sharing and design, not to mention cooperation

on jet engine technology. We also agreed to upgrade the Malabar naval exercise, which will help us improve maritime security in the Indian Ocean.

For India to be a strong partner in the region and around the world, it must be strong at home. So we support India's economic rise, including its domestic economic transformation. Therefore, the President and Prime Minister Modi agreed to elevate our commercial and economic partnership as part of the Strategic and Commercial Dialogue to advance our shared prosperity. Our countries have resumed discussions on a Bilateral Investment Treaty, which, if realized, would provide enormous benefits and necessary protections to U.S. companies. The President and Prime Minister Modi also committed in Delhi to restart the Global Issues Forum and our bilateral dialogue on women's empowerment, which can help our two countries tackle key governance and human rights issues to ensure that India's development is inclusive and sustainable. For India to create the world-class manufacturing sector it needs to be able to compete and generate jobs for the millions of Indian youth entering the job market every year it must protect innovation and further strengthen intellectual property protections for its budding creative class. We are optimistic that the many challenges to creating the investment climate and innovation economy that will power India's growth in the 21st century can be overcome.

Reliable energy access and energy security will be essential for India to achieve its ambitious economic goals. Doing so – while moving towards a climate–resilient and low-carbon economy – will be important for achieving India's ambitious development goals. The Prime Minster and President agreed that our countries will continue to work together on our ambitious energy and environment goals by renewing and expanding a five-year MOU on Energy Security, Clean Energy, and

Climate Change. They also committed that our countries will work together towards a successful climate agreement in Paris and pledged to work toward the goal of phasing down hydrofluorocarbons under the Montreal Protocol. We committed to expand our already robust energy relationship through a number of other clean energy and climate initiatives, and are working diligently on implementation. We launched the Clean Energy Finance Forum and U.S.-India Task Force on Clean Energy Finance in mid-February and will have high-level climate discussions in the coming weeks.

Our assistance programs in India are a model for making "a little go a long way." By leveraging the private sector and Indian resources, we are getting sizable outcomes out of small inputs. Our programs connect to India's public and private sectors to jointly achieve development gains in a cost-effective manner in India and in third countries, where India's achievements stand to jump-start development results. This model of assistance – which positions India as a development lab with global reach – combines U.S. and Indian innovation and best practices, which can be road-tested and refined in India and then exported to developing countries in Africa and Asia. I know Jon will speak in more detail on the USAID program but let me note that, in keeping with both U.S. and Indian priorities, the USAID program focuses on four key areas: health, energy and environment, education, and food security.

Sri Lanka

Mr. Chairman, Sri Lanka represents another dramatic opening that was ushered in by an election where the voice of the people turned conventional wisdom on its head and provided hope to a country that has been captive to corruption, cronyism,

and divisive policies that threatened to divide and destabilize the country. President Sirisena, working in a government of national unity with Sinhalese and minority political parties, is pivoting the country away from the harmful policies of his predecessor. The prospects for strengthened democratic institutions, equitable economic growth, and reduced ethnic tensions are much greater under his leadership than they were during the previous regime.

Immediately upon taking office, newly elected President Sirisena and his coalition took actions that reflect their commitment to a comprehensive governance reform agenda, including development assistance and support for civil society and vulnerable communities. We are encouraged by the government's pledges to create a credible domestic accountability mechanism to address the end of the war and foster reconciliation between the North and South. We have expressed our support for the new government's focus on strengthening its democracy, rebuilding its economy, and pursuing meaningful reconciliation, and strongly signaled our commitment to rebuild U.S.-Sri Lanka ties

We are also encouraged by the government's 100-day program to implement democratic reforms in advance of upcoming parliamentary elections. In its first few weeks in office, the Sirisena administration lifted restrictions on the media and on travel to the North, invited all exiled journalists to return, and moved the NGO Directorate out of the purview of the Ministry of Defense. Just last week, the cabinet approved reforms to limit the power of the executive, and the government has taken welcome steps to address ethnic grievances and fight corruption, for which they have welcomed our assistance.

Despite these encouraging signs, Mr. Chairman, let me be clear. The Sri Lankan people, and the Sirisena government, face tough challenges in the months ahead – including the financial mess they inherited; the difficult road on accountability and reconciliation; and restoring the democratic institutions that were systematically undermined by the previous government, including demilitarization of the former conflict zones. But I want to reiterate the assurances made by President Obama and Secretary Kerry that the United States looks forward to deepening our partnership with Sri Lanka and working with them to advance democracy, prosperity, and dignity for all Sri Lankans.

Now I recognize that this commitment is not reflected in the President's budget request for assistance to Sri Lanka. I would like to underscore that this budget request was written before Sri Lanka's democratic transition and reflects the more constrained environment created by the previous government, which forced us to draw down our programs. That is not the Sri Lanka of today and we see tremendous opportunities to assist the country in improving governance, accountability, commerce, and more. We look forward to working closely with this committee and with key committees in the House and Senate to explore options for supporting the democratic transition in Sri Lanka.

Nepal

Another country working to complete its democratic transition is Nepal. Despite its tremendous progress since the conclusion of the civil conflict in 2006, the country still faces major challenges to secure a durable and democratic peace. Political leaders and the Constituent Assembly continue to struggle to achieve consensus and compromise on the extremely difficult task of drafting a new,

permanent constitution that articulates Nepal's vision of federalism. In addition, while there have been commendable achievements in post-conflict reconciliation, such as the integration of former Maoist combatants into the army, Nepal must make good on its commitment to establish a credible and independent commission on truth and reconciliation, and enforced disappearances.

We continue to work closely with Nepal on refugee issues. For decades, Nepal has been a host to thousands of refugees, including Bhutanese refugees. The United States has welcomed over 80,000 Bhutanese refugees to our shores since resettlement started in 2008. As this successful program begins to wind down, we are committed to working with the United Nations and international NGOs to establish a durable solution to the refugee issue. Tibetans comprise the other major refugee community in Nepal. We continue to advocate support for the long-staying Tibetan community and to urge respect for their fundamental rights, including the freedom of religious expression. We regularly engage with the Nepali government on the "Gentlemen's Agreement," by which recently arrived Tibetan refugees transit through Nepal to India under the protection and assistance of UNHCR.

Nepal is consistently one of the top seven troop contributing countries to UN peacekeeping operations. Its forces perform with distinction in some of the most difficult places in the world, including South Sudan, Liberia, and the Golan Heights. Also, as Nepal announced at the 2014 summit on peacekeeping, co-hosted by Vice President Biden, it is committed to including women in its peacekeeping efforts. In partnership with the State Department's Global Peace Operations Initiative (GPOI) program, the Nepali training center in Panchkhal trains and deploys nearly 6000 peacekeepers every year.

Nepal remains extremely vulnerable to catastrophic earthquakes and other natural disasters. This year alone we have seen dozens of deaths and major infrastructure damage caused by landslides, floods, and unpredictable weather in the Himalaya region. Given the high risk, Embassy Kathmandu actively coordinates efforts with State, USAID, and the Department of Defense to maximize the impact of limited resources. Together with the Nepali government and other donors, we are working to help reduce the potential impact of any future disaster.

Bangladesh

Bangladesh has the potential to become a model of a modern, prosperous, strong, and inclusive country that connects the economies of South and Southeast Asia – but to seize this potential will require a reversal of negative governance trends, as well as political leadership that eschews violence and puts people before party politics. We can clearly see what is possible in Bangladesh because our assistance programs there have yielded some of the best returns on investment in the world: mortality of infants under 5 has been reduced by 60 percent and maternal mortality by 66 percent. Rice shortages have been turned into surpluses. Protected forests are mitigating the impacts of climate change.

U.S. assistance to Bangladesh aids the country's long term development and stability, and is channeled through three presidential initiatives – Feed the Future, Global Climate Change, and Global Health. Our assistance addresses persistent challenges in the areas of agricultural productivity and crop diversity, health care, nutrition, vulnerability to natural disasters, governance, and the rule of law, and seeks to support efforts to stabilize Bangladesh's democracy.

Together the United States and Bangladesh continue to grow our security partnership, which provides regional and global security and seeks to prevent the scourge of extremism. Bangladesh is the world's largest troop contributing country to UN peacekeeping operations. This spring we will hand over a second Coast Guard Cutter to the Bangladesh Navy, where it will join its sister ship in keeping sea lanes in the Bay of Bengal free and secure. Our counterterrorism cooperation continues to expand since the signing of the bilateral 2013 Counterterrorism Cooperation Initiative.

Our partnership to abolish the evils of violent extremism has never been stronger. Bangladesh is a board member of the Global Counter Terrorism Forum (GCTF) and a pilot country for the Global Fund for Community Engagement and Resilience (GCERF) – a public-private global fund to support local, grassroots efforts to counter violent extremism. The heinous murder of American citizen and prolific blogger Avijit Roy, who was killed for exercising rights that are enshrined in Bangladesh's constitution, was a stark reminder that these efforts must continue. An FBI team is currently in Dhaka to work with Bangladeshi authorities to identify the perpetrators of this act of terror and ensure that they are brought to justice.

Notwithstanding frequent natural disasters and significant development challenges, Bangladesh's economy has grown at an average annual rate of about 6 percent for over two decades, which has helped reduce the poverty rate from over half of the population to less than a third. Yet there is still much to do: key challenges remain in many sectors including agriculture, health care, nutrition, governance, and the rule of law. More than 120 million Bangladeshis live on less than $2 per day, 30 percent of women are chronically undernourished, and 41 percent of children

under five are stunted. U.S. assistance will continue to focus on expanding economic opportunities for Bangladeshis, improving governance, and developing social services. These efforts will greatly contribute to Bangladesh's goal of becoming a middle-income country by 2021, its 50th year of independence.

A critical aspect of the Bangladeshi economy is the ready-made-garment (RMG) industry. But two years after the collapse of the Rana Plaza garment factory, Bangladesh still has a long way to go in improving worker safety and labor rights. We have seen key improvements in the number of inspectors trained, buildings inspected, and even seen some buildings closed for hazardous and unsafe conditions. The number of unions that have been established has gone up dramatically to over 200. The minimum wage was increased by 77% in 2013 and a new labor law has been introduced in parliament that will strengthen labor rights. The U.S. and international community can be justifiably proud for the unprecedented coalition of government, industry, labor and civil society that has come together to address the gross inadequacies in labor safety and labor rights, which were revealed in the aftermath of the horrific Rana Plaza tragedy and Tazreen factory fire. But we also know that, for all the progress, we have not seen the change in attitudes, enforcement, and incentives that can create lasting and systemic improvements in the RMG sector in Bangladesh to bring their laws in line with international standards. Again, Bangladesh has enormous potential, and we hope it takes the steps needed to achieve it.

Unfortunately, the violent political impasse in Bangladesh impedes the economic progress that will be needed to lift more than 60 million people out of extreme poverty: just last week the IMF blamed the political disruptions in its reduced growth projection for Bangladesh. We have strongly condemned the violence that

has killed and injured scores of people. While the recent lull in violence is welcome, we have urged the Government of Bangladesh to restore and rejuvenate its democratic institutions – including support for freedom of expression, especially by the media, and space for peaceful protest and dissent.

Maldives

Mr. Chairman, increasing political turbulence in the island nation of Maldives is also adding to that country's mounting challenges: high youth unemployment, growing religious extremism, and social unrest. Maldives' democratic institutions remain weak and are easily manipulated, while the judiciary has become increasingly politicized. And while the bilateral relationship had been on a positive glide-path, last week's conviction and sentencing to 13 years in prison of former president Mohamed Nasheed, the country's first democratically-elected leader, calls into question Maldives commitment to the minimum fair trial guarantees and the rule of law.

The assistance request for the Maldives allows us to continue our engagement on counter-terrorism, maritime security, and climate change issues. Maritime security is of great concern due to potential threats posed by narcotics trafficking, piracy in the Indian Ocean, and sea-borne trade in illicit materials that could be potentially used for terrorist activity.

Bhutan

Finally, I end with Bhutan, whose Prime Minister is in the United States this week – in partnership with the World Wildlife Foundation – to visit prominent U.S.

companies like Tesla and Google and promote his vision for balancing economic development and environmental stewardship. We continue to strengthen the informal ties we have with Bhutan, which embraced democracy in 2008. Bhutan held its second democratic election in 2013 and saw a peaceful transition of power to the former opposition party. Bhutan also participates in the South Asia Regional Initiative for Energy Integration (SARI/EI), a program sponsored by USAID, which helps the countries of the region increase energy security through cross-border trade, clean energy access, and improved energy market practices. While we have not requested bilateral foreign assistance for Bhutan for 2016, we have strong people-to-people ties through educational and cultural exchanges, and we welcome expanded participation by Bhutan in these programs.

Conclusion

Mr. Chairman, South Asia is a region with powerful potential. Few places in the world can capture the imagination as this region of 1.7 billion people. Every crucial opportunity and every daunting challenge that the world will face in this century can be found somewhere in this region. Across South Asia, our policy and programs protect U.S. interests and create the conditions for growth and security. Our core regional strategy is predicated on increased growth and connectivity, which provides the best opportunity of dramatically improving the lives of South Asians of every stripe. Each of these initiatives seek to give our innovative U.S. businesses greater access to a number of growing markets, and to ensure that they will have a leading role in powering the economic engines of South Asia. And with this budget request and the programs and policies it supports, the United States will demonstrate our long-term commitment to a connected, secure, and

prosperous South Asia – one that will benefit American citizens throughout the arc of the 21st century.

Thank you. I look forward to your questions.

Mr. SALMON. Thank you.
Mr. Stivers?

STATEMENT OF THE HONORABLE JONATHAN STIVERS, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. STIVERS. Chairman Salmon, Ranking Member Sherman, and distinguished members of the subcommittee, thank you for the opportunity to testify today on advancing our foreign policy goals in South Asia. Before I begin I would like to request that my full statement be entered in the record.

Mr. SALMON. Without objection.

Mr. STIVERS. Having worked in the House of Representatives for the past 18 years, it is a real honor to be here especially alongside my friend and colleague Assistant Secretary Nisha Biswal.

Through the President's budget request of $383 million for South Asia, we will continue our efforts as responsible stewards of taxpayer dollars to end extreme poverty and promote resilient democratic societies while advancing our own security and prosperity.

USAID expands stable, free societies that provide lasting alternatives to otherwise destabilizing forces. At the same time we create new markets and trade partners, promote democratic values and foster goodwill abroad all with less than 1 percent of the Federal budget.

Our approach at USAID is threefold. First, we are institutionalizing USAID's new model of development which leverages public-private partnerships, local solutions, science and innovation to do more with less. In the past 5 years USAID has made great strides, going from just 8 percent of resources programmed through this new model to 40 percent.

While my responsibilities do not include Afghanistan and Pakistan, we are focused on building regional solutions to increase stability and economic integration including expanded regional connectivity between South and Central Asia and Afghanistan and Pakistan especially in the areas of trade and energy.

Second, we are building pathways out of poverty through the Global Health Initiative, Feed the Future, and the Global Climate Change Initiative. USAID is working to improve health systems and outcomes, increased food security, and help communities adapt to, mitigate and manage the risks of a changing environment.

And third, we are promoting democratic governance and empowering reformers because we know that government by the people offers the best chance for freedom and prosperity. Fighting poverty is often less a question of funding but in effectively addressing the underlying governance challenges that hold countries back from realizing their full potential, and a strong and vibrant civil society is central to any healthy democracy.

In India, renewed commitments by President Obama and Prime Minister Modi have given weight to new momentum and heightened engagement. It is a new day on our bilateral relationship, but it has already been a new day in how we administer our assistance in India. We have transformed our partnership with India from a donor-recipient relationship to a peer-to-peer partnership that harnesses the strengths and capabilities of both countries to jointly

tackle development challenges. We are leveraging more resources than ever from Indian partners while also drawing on American private sector expertise.

Today is World TB Day and USAID is combating the spread of TB with state-of-the-art technology from California that is really a gamechanger in the fight against multidrug resistant tuberculosis globally. USAID is collaborating with American and Indian partners including the Gates Foundation to provide clean water and sanitation services to low income populations in India's largest urban centers. And we are also deepening our engagement with partners to support women's empowerment in combating gender violence.

Last, we continue our efforts with the Indian Government to support the Tibetan refugee community which really represents the best of our shared values with India.

In Bangladesh, despite the difficult political situation, we have made tremendous progress on economic development including maternal and child health, food security, agricultural production and protecting the environment. We continue to focus on improving labor conditions including workplace safety and the capacity of labor organizations.

In Nepal we are tackling the roots of poverty such as poor governance and the recurrent shocks both economic and physical that perpetuate its cycle. USAID has helped Nepal cut its poverty rate by 25 percent in recent years and provided funding to help the Election Commission and the challenge of human trafficking. Nepal is extremely vulnerable to climate change and natural disasters and we are helping address food shortages, vulnerability and natural resource degradation.

In Sri Lanka the country is entering a new chapter following the recent historic election. The new government has asked the United States for help in restoring and strengthening its neglected democratic institutions and processes. However, since the budget request was completed prior to the election, USAID is exploring sources of additional support in order to seize on this unprecedented opening. We will continue engaging with you and your staff so we can chart the way forward together.

Finally, in the Maldives our assistance will continue to mitigate the impacts of climate change on the economy and the way of life.

Mr. Chairman, Mr. Ranking Member, members of the committee, in today's interconnected world South Asia's future is ever more important to our own. I appreciate the opportunity to testify today and I look forward to your counsel and questions.

[The prepared statement of Mr. Stivers follows:]

Statement of Jonathan Stivers
Assistant Administrator, Bureau for Asia
United States Agency for International Development
Before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific

The U.S. Rebalance in South Asia: Foreign Aid and Development Priorities
Tuesday, March 24, 2015

Chairman Salmon, Ranking Member Sherman and Distinguished Members of the Subcommittee:

Thank you for the invitation to testify on the role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy goals in South Asia. It truly is an honor to be here today. For 18 years I had the privilege to work in the U.S. House of Representatives, so being here today feels like home. I am also pleased to be testifying alongside my friend and colleague from the U.S. Department of State, Assistant Secretary Nisha Biswal.

President Barack Obama's fiscal year (FY) 2016 budget request of $383.4 million for South Asia reflects our sustained commitment to the region through a steady level of funding over the past few fiscal years. In more than 100 countries around the world, including 32 in Asia, U.S. development assistance plays a vital role in building the foundations for lasting economic prosperity, fostering democratic values and combatting the causes of instability that pose threats not only in far-off places, but also here on our own shores — threats such as profound human suffering, more frequent and intense storms that erase gains and set back whole societies, and weak systems of governance that continually fail to meet the needs of the people. USAID is expanding stable, free societies that provide lasting alternatives to otherwise destabilizing forces, while also creating markets and trade partners for the United States and fostering goodwill abroad — all with less than 1 percent of the total federal budget.

USAID's mission statement is to partner to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. In South Asia, we are working through three primary approaches to implement this mission:

1. USAID's new model of development

USAID's new model of development leverages greater science, technology, innovation and partnership to further development goals and sustain progress. Rather than delivering results with our dollars alone, we are creating public-private partnerships at every opportunity to deliver clear, focused and measurable results. USAID has truly transformed the way it does business. Consider this statistic: Five years ago, just 8 percent of USAID's resources were programmed through this new model of development which leverages partnerships and game-changing innovation. Today, it's about 40 percent — and with USAID's new emphasis on building local capacity, it will only increase over time.

Throughout Asia, we are seizing the unprecedented opportunity to leverage new talent and resources wherever possible. One such example is our work through USAID's Development

Credit Authority, which uses partial credit guarantees to encourage private lenders to extend financing to underserved borrowers. In the past five years alone, we have helped to leverage $258 million in private financing for small and growing businesses in the agriculture, environment, tourism and education sectors across Asia. That figure represents USAID's ability to leverage $26 more in private capital for every $1 invested.

The new model of development also helps build regional solutions. USAID is working to increase stability and economic integration across the broader region, to include Afghanistan and Pakistan, through expanded regional connectivity between South and Central Asia in areas such as trade and energy. In line with the United States' 2015 National Security Strategy, USAID is also strengthening our strategic partnership with India by deepening our engagement on shared regional and multilateral goals. As India increasingly looks east for economic and strategic partnership, the United States is leveraging an opportunity to pursue our shared vision of an Indo-Pacific Economic Corridor that can help bridge South and Southeast Asia — while at the same time bolstering the United States' continued implementation of the rebalance to Asia and the Pacific.

2. The three presidential development initiatives

Through the Global Health Initiative, Feed the Future, and the Global Climate Change Initiative, USAID is building pathways out of poverty for the world's most vulnerable people. While our efforts have made progress, significant challenges remain. The region is still home to two-fifths of the world's extreme poor, 2 million infant, child and maternal deaths per year, and millions of extremely vulnerable people struggling on the front lines of climate change. USAID is working to improve health systems and outcomes, increase food security, and help communities adapt to, mitigate and manage the risks of the changing environment.

In countries like Nepal, we're combining components of all three initiatives in an effort to build resilience to recurrent shocks, both economic and physical, such as disasters that are made more severe and frequent by global climate change. When disaster strikes, the most vulnerable populations are the hardest hit, often without a chance to recover before the next shock. With the launch of USAID's policy and program guidance on resilience, we pledged to get ahead of these shocks. We do so by identifying sources of vulnerability and designing projects that link our humanitarian assistance with our longer term development assistance across a range of areas to achieve the most effective results and leverage the taxpayer dollar to the greatest extent possible.

3. Promoting democratic governance and empowering reformers

USAID is also promoting democratic governance and empowering reformers. We know that government by the people offers the best chance for freedom and prosperity. The United States also has stronger relationships with stable, democratic countries that respect human rights. Fighting poverty is often less a question of funding but effectively addressing the underlying structural problems with governance that hold back many developing countries from realizing their potential. Solutions to South Asia's challenges will ultimately come from the people of the region. Our best chance in promoting democratic change is to empower the reformers by helping them build resilient institutions that are transparent and accountable to the people.

USAID recognizes civil society as one of the key pillars in any healthy democracy — vital to strengthening good governance that responds to the needs of the people and shapes a prosperous and secure future. Our sustained support for civil society to be an agent of change is especially vital in light of broader regional threats along South Asia's borders, such as violent extremism, that confront young men and women.

To clarify USAID's efforts, allow me to provide brief overviews of India, Bangladesh, Nepal, Sri Lanka and Maldives.

India

The U.S.-India relationship has new momentum and opportunities for heightened engagement as a result of renewed commitments by President Obama and Prime Minister Narendra Modi. This includes the January 2015 U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region, a long-term partnership for prosperity and peace in these regions. It is a new day in our bilateral relationship. It is also a new day in how USAID administers development assistance in India. We have reoriented our assistance from the traditional donor-recipient model to a peer-to-peer partnership that harnesses the strengths and capabilities of both countries to tackle development challenges together, both in India and globally.

Our partnership with India is at the forefront of USAID's new model of development. While our assistance dollars to India have been steady, the total value of U.S. development programs has increased by leveraging funding from the U.S. and Indian private sectors, Indian philanthropists, and the Indian diaspora in addition to other donors, resulting in even deeper, scalable and more sustainable results. In less than three years, USAID has entered into a total of 20 partnerships involving about three dozen Indian and American private sector partners to further development goals in India, Africa and elsewhere in Asia, which together will leverage more than $6 for every $1 the United States invests.

While India has the world's tenth largest economy, major development challenges remain. India is home to 400 million of the world's poorest people. The United States shares the new government's prioritization of ending preventable child and maternal deaths, food security and meeting the growing demand for energy in sustainable ways. That is why in recent months, we have seized new partnership opportunities that leverage American technology and expertise to help India advance in these areas.

We are collaborating with American and Indian partners to provide clean water and sanitation services to low-income populations in India's largest urban centers — a key shared priority identified in the September 2014 summit between Prime Minister Modi and President Obama. As part of this effort, we are bringing U.S. water filtration technology to India to provide clean and affordable drinking water to more than 30,000 households living in slum settlements in Bangalore. To combat the spread of tuberculosis and its fatal multidrug-resistant forms, we have introduced American technology that speeds up diagnosis time from two months to two hours. The Government of India is now scaling up this pilot project by purchasing 950 new machines by 2017. We are also bringing the expertise of America's top academic and research institutions into the fold. In partnership with the University of California, Davis, international research

centers and national agriculture research partners from India and Ethiopia, we are supporting the development of improved chickpea varieties to strengthen global food and nutritional security.

We are taking our successful development partnership global. We are partnering with India to share proven innovations and best practices across Asia and Africa. For example, we are supporting the transfer of frugal Indian farm and food processing technologies to promote food security in Kenya, where some 400 people were trained on their use and more than 200 farmers put them into action. And USAID's Afghan Women's Empowerment Program is sending Afghan women to India, providing them with vocational training and leadership skills that have helped them increase their incomes by an average of 275 percent.

We are actively supporting women in India, where USAID programs such as Safe Cities are raising awareness about gender-based violence and connecting women with existing advocacy and support services. USAID also collaborated with Intel Corporation, CNN and others on "Girl Rising" — a powerful feature film following the lives of nine girls that raises awareness and changes attitudes and behaviors relating to girls' education through local language releases of the film in India and other countries worldwide.

Finally, with strong bipartisan support in Congress, we are supporting education and health programs for Tibetan refugees in India and Nepal. India has welcomed the Tibetan refugee community to their country for decades. The assistance we provide to help these refugees, many of whom are children, after they risk their lives fleeing repression represents the best of the shared values of the American and Indian people.

Bangladesh

In Bangladesh, more than 40 percent of the population lives in extreme poverty. This is compounded by the fact that Bangladesh's 156 million people live in an area the size of Iowa that is continually battered by cyclones and flooding. Bangladesh's complex development challenges underscore the need for our sustained commitment, and current political unrest further highlights the importance of improving governance to support future stability and prosperity.

USAID promotes responsive governance by improving the accountability and transparency of key institutions and the ability of local government to deliver health and other social services. USAID also provides support to civil society to prevent domestic violence and child marriage and counter human trafficking. Our support for civil society, which has been a robust and engaged sector, is critical given the escalating political tensions in the country. The budget request reflects our sustained commitment in these areas.

Despite a difficult political situation, there have been tremendous development successes in which USAID has played a leading role. For example, we have contributed to a 65 percent reduction in both under-5 child mortality and maternal mortality in the last two decades, enabling Bangladesh to reach its Millennium Development Goal on child health and to be on track to meet its maternal health goal. In a country with one of the lowest percentages of remaining forest lands worldwide, we are improving the local management of more than 2 million acres of wetlands and forests. And with USAID assistance, Bangladesh recently achieved self-sufficiency

in rice production through the widespread adoption of higher yielding, climate-tolerant rice seeds and deep placement fertilizer technology that minimizes surface run-off during intense rains and reduces greenhouse gas emissions as a co-benefit.

Yet even with these gains, 41 percent of children are stunted — a form of chronic malnutrition in which a child suffers permanent physical and cognitive damage, resulting in serious health, social and economic consequences. USAID works through all three presidential initiatives, leveraging public-private partnerships to maximize our impact. For example, through Feed the Future, USAID is working with the Bangladesh Agricultural Research Institute and Virginia Tech to prevent crop loss from pests by field testing pest-resistant seed varieties and new biological control methods. As a result, 3,000 farmers have fortified their defense against pests on 270 acres of high-value and nutrient-dense crops — enough to feed 12,500 households. USAID is also partnering with both international and Bangladeshi agriculture research institutions to develop higher yielding varieties of crops and improve the productivity of fish farming. Collectively, Feed the Future efforts have improved the income of 1.8 million farming households and expanded their access to more diverse and nutritious food.

Exactly one month from today will mark the two year anniversary of the Rana Plaza tragedy. USAID remains committed to supporting improved working conditions in Bangladesh. We are in the process of evaluating proposals for a new, three-year "Workers' Empowerment Program" that responds to identified gaps in the ability of workers to organize independently and address the issues they find most pressing — such as protection of labor organizers, ending workplace discrimination and harassment, and improving workplace safety. This program will build on the success of USAID's Global Labor Program, which has directly resulted in the establishment of 90 unions in the ready-made garments sector alone, covering some 28,000 workers.

Nepal

Nepal continues to cope with the effects of a decade-long insurgency that ended in 2006. Challenges include weak governance, stagnant economic growth, high malnutrition among children, acute food shortages, vulnerability to natural disasters and natural resource degradation.

Through all three presidential initiatives identified above, USAID has helped Nepal cut its extreme poverty rate in half to 25 percent and contributed to decreases in maternal and infant mortality that put Nepal on track to meet its Millennium Development Goals in these areas. Through Feed the Future, we are working to address the challenges of low agriculture productivity and lack of market access. In FY 2014, USAID helped 90,000 households increase their agricultural productivity and incomes and improve nutrition. And in 20 districts vulnerable to poverty and malnutrition, USAID has increased the number of children under 2 years of age consuming a minimally acceptable diet by more than 50 percent. USAID's gold-standard nutrition program now reaches over 625,000 households in 41 districts with multi-sectoral programming that embeds community ownership and fosters local government accountability.

Central to Nepal's development challenges is the issue of governance. USAID promotes good governance by helping key institutions, such as the Election Commission, political parties and the new Constituent Assembly, become more democratic, effective and inclusive of all citizens.

With USAID support, the Nepal Constituent Assembly elections in November 2013 saw a record 80 percent voter turnout. USAID helped bring voter education and registration access to 3.7 million Nepalis.

We also combat human trafficking by supporting protection, prosecution and prevention activities with civil society, the justice sector, and at the national, district and village levels. Our justice sector programming has supported the government in its efforts to prosecute and convict an increased number of trafficking offenders as compared to the previous year.

As mentioned earlier in my testimony, Nepal is at grave risk from global climate change. Located in the Himalayan mountain range, Nepal struggles with both water scarcity in some areas and increased flooding in others. Nepal also sits right where the Eurasian and Indian tectonic plates are colliding, making it extremely vulnerable to earthquakes. These vulnerabilities demand USAID take an integrated approach to tackle not only the roots of poverty, but also the recurrent shocks that perpetuate its cycle. That is why we are merging a cross-section of health, climate change, food security and disaster risk reduction to alleviate the effects of recurrent shocks on communities. For example, along the steep banks of the Trishuli River, poor farmers cleared the forest cover in order to grow food to support their families. Consequently, the land began eroding away, threatening the farmers' livelihood and food source. In partnership with the Government of Nepal and the subsistence farmers, USAID helped stabilize the eroding banks by planting a combination of native "broom grass," a highly marketable cash crop, and trees that will eventually mature and produce cinnamon, lemons and timber, further enhancing incomes.

Sri Lanka

Following a brutal civil war, a devastating tsunami and a decade of increasingly authoritarian rule, Sri Lanka is entering a new chapter following the recent historic election through which the Sri Lankan people honored their democratic traditions by using the power of the ballot box to come together and peacefully create change.

Since the January 2015 election of President Maithripala Sirisena, there have been positive signs from the new government — including commitments to governance reform, support for civil society organizations, and needed assistance for vulnerable communities — that have reenergized the U.S.-Sri Lanka bilateral relationship and opened significant operational space which had been dramatically diminished under the previous government. The new government has asked the United States for help restoring and strengthening long-neglected democratic institutions and processes, thus presenting USAID with a unique opportunity to help Sri Lankans define and solve critical democratic problems for themselves.

Moving quickly to understand how to support this opportunity, within a couple of weeks of the election results, USAID led an interagency Democracy, Human Rights and Governance assessment team in Sri Lanka that found unprecedented areas for supporting democracy and accountability. Comprised of local and international experts, the team emphasized the unique political moment for strengthening democratic institutions.

USAID now has an opening to directly support the independence and functioning of core democratic institutions, not only to build a stronger democratic future, but also to solve the deeper problems of political competition and conflict. Another potential opportunity for engagement involves supporting activities that provide tangible benefits to key groups to allow time for Sri Lankan democratic institutions to consolidate and lay the foundation for genuine national reconciliation. The election also presents new opportunities to fully engage the government on issues of inclusive economic growth, economic governance and national reform.

However, the FY 2016 budget request was completed prior to the election and reflects previous plans to phase out assistance. In the short-term, USAID is exploring sources of additional support in order to seize the opportunities presented by the recent elections. We intend to enhance assistance calibrated to the government's forward movement on human rights, governance, accountability and reconciliation. Please be assured that we will continue engaging with you and your staff as we chart the way forward in Sri Lanka.

Maldives

Addressing global climate change is our main focus in Maldives. Comprised of more than 1,000 islands, Maldives is extremely vulnerable to the rising, warming oceans and their increasing acidification. To mitigate the negative impacts of global climate change, USAID is improving water security and increasing Maldivians' capacity to adapt to the changing environment. For example, USAID is helping to create a sustainable fresh water supply through the use of desalination plants to ensure sustainable community management of this scarce resource. And we are working on a new coral reef conservation project that will ensure the preservation of both the natural beauty and protective qualities of the reefs — which are critical to fisheries and to tourism, the two major drivers of the economy, and to preventing shoreline erosion.

Bhutan

Although USAID does not have a bilateral program in Bhutan, we do partner with Bhutan on energy, biodiversity conservation and climate change adaptation regional programs. Bhutan is a part of the South Asia Regional Initiative for Energy program, which is helping to advance regional energy security through regional energy integration and cross-border energy trade.

Conclusion

Mr. Chairman, to echo President Obama's words: "In an interconnected world, we all rise and fall together." No longer do we live in the days where instability does not traverse oceans — whether it's a conflict, famine or disaster sending refugees across borders, financial crisis sending shockwaves across the global economy, or a pandemic quickly spread by international travelers. This dynamic presents unprecedented challenges for development, but also new opportunities to partner to achieve unprecedented gains — and USAID is at the forefront.

I appreciate the opportunity to share with you what USAID is doing in South Asia and look forward to hearing your advice and counsel. I welcome any questions you may have.

Mr. SALMON. Thank you. Time for our questions. I would like to direct my first question to Ms. Biswal. When we were on the codel a couple weeks ago to India, the potential of a bilateral investment treaty was one that dominated a lot of our conversations with the Prime Minister himself, some of his cabinet members as well as some of our American business folks over there.

What are the prospects for that? What is the time frame? What are the impediments and how do we move past it? And along that same line, one of the other issues that came up was President Modi's "Made in India" campaign and how it potentially disadvantages U.S. businesses that want to invest in India. And I have heard of some American companies such as Amazon who have been unfairly disadvantaged in getting market access in the country. Are we looking into any arbitration options or alternatives for the region?

And then my last question is also kind of economically related. It is both economically and environmentally related. But we were told while we were in Delhi that it is the most polluted city in the world surpassing even Beijing. And I am wondering, is there any strong ideas about exporting our abundant LNG here from our country potentially to India both as a way of helping them economically and getting good clean energy to deal with both their economic growth needs as well as their environmental and our environmental concerns with them? So could you address those three issues for me.

Ms. BISWAL. Well, thank you, Mr. Chairman. As you noted and as Ranking Member Sherman noted in your opening comments and in your question, the economic partnership with India is a very important one and we are very much interested in seeing India's economic rise and being a partner to India in that.

American companies bring cutting-edge technology and best practices and are highly sought after in terms of investment and partnership in India. But they face certain impediments, and the focus on the bilateral investment treaty has long been as a mechanism to create the kind of enabling environment that provides the framework for greater ease of investing in and doing business in India.

And with India having now concluded its own Model BIT framework, we are poised to be able to engage with the Indians and commence in negotiations on a bilateral investment treaty. There are ongoing conversations between the U.S. Trade Representative's office, the Department of State, and our Indian counterparts on launching into BIT negotiations. We want to make sure that any bilateral investment treaty is very high quality and high standard and reflects the expectations of our companies and the best practices that we have gleaned from our engagements around the world. We believe that that will clear the path for greater ease of dispute resolution, addressing issues of taxation and other things that impede investment in India.

You made reference to challenges faced by companies like Amazon, and I know that with respect to things like e-commerce that this is in a developing field within India in terms of how to deal with the issues of Internet commerce and the tax implications. There is a pending case with respect to Amazon, but there is also a movement toward creating a standardized goods and services tax

in India that can, I think, potentially create the broader framework for companies like Amazon on how things like e-commerce will be governed in terms of taxation. So we look forward to seeing forward progress on the GST and see how that can address this. I know that Finance Minister Arun Jaitley has opined on this issue as well, and the need to be able to create greater dependability and predictability with respect to the taxation issues.

And finally, with respect to what we can do to support India's efforts to address pollution and air quality issues, LNG is certainly one area where in fact the first export licenses for American LNG were issued to a company that was exporting to India, and so we certainly see that as a particular avenue.

We are also working across the board in other ways to address issues of environment and air quality. India has said that it is going to issue a uniform air quality index, measurement index. We have agreed in our climate and energy Memorandum of Understanding, that was agreed to during the President's visit, on creating an air quality working group to look at these issues and explore how we can partner, how we can work together. We also talked about addressing issues of emissions from heavy vehicles and other ways to reduce air pollution.

So we look forward to bringing the kind of technical expertise and know-how, as well as the technology that American companies bring, to addressing these kinds of challenges.

Mr. SALMON. Thank you.

Mr. Sherman?

Mr. SHERMAN. Thank you. I just want to first focus on the budget. You are asking for $383 million. Does that cover both diplomacy and aid, and does that cover all of South Asia or South Asia without Pakistan?

Ms. BISWAL. So the $383 million is the assistance budget. It includes the USAID development assistance programs and it also includes the security assistance programs and other assistance programs managed by the Department of State. It does not include the overall diplomatic operations and engagements that support our diplomatic engagement in the region.

Mr. SHERMAN. And it does not include Pakistan?

Ms. BISWAL. And it does not include Afghanistan and Pakistan.

Mr. SHERMAN. And how much, excluding Pakistan in this discussion, do we then spend on diplomacy in the area? And I realize that would just be on the Embassies in-country. Obviously you don't have a cost accountant going through Foggy Bottom.

Ms. BISWAL. I don't have that number at the top of my head in terms of the breakout specific to the South Asia DNCP component. I would be happy to get those numbers for you, Mr. Sherman.

Mr. SHERMAN. Got you. We are looking at this bilateral investment treaty. I think it is important that you make sure that it is not just making India safe for offshoring jobs and that you look not only—because you are going to hear from the companies and they are going to equate, well, whatever has them make profits that must be good for America. I hope that you have the economic support to see whether this agreement will lead to jobs.

The economic analysis of permanent MFN for China was large trade that would be balanced. Instead we have seen the American

middle class crushed as a result of that bad decision. We certainly don't want to repeat it with regard to India.

As to energy, you have got 300 million people in India without regular power. There is natural interest in India in the nuclear power, yet they have failed to attract U.S. suppliers to set up nuclear facilities. What does the U.S. need to do to get India to sign onto the convention on supplementary compensation, and to what extent had the Indians promised to do that or something similar as part of the 123 Agreement?

Ms. BISWAL. Thank you, Congressman. I think one of the big breakthroughs during the President's visit on Republic Day was the progress made on implementing the 123 Agreement, the Civil Nuclear Cooperation, and the breakthroughs were in two key areas. One was on creating the understandings and assurances on tracking fissile material that allow us to move forward and to be in compliance with our requirements with respect to tracking of fissile material.

And the second was on this issue of nuclear liability and clarifications from the Government of India from the Prime Minister himself as well as the Foreign Minister about the liability for operators as opposed to for suppliers, which is largely in keeping with the conventional and supplementary compensation. That articulation by the highest levels of the Indian Government about its interpretation of Indian law with respect to how liability accrues is in keeping with the CSC and paves the way now for the Indian Parliament to ratify the CSC, which we hope that they will do in short order. That is something that is largely for the Indian system to take up. We are hopeful that that progress on ratification will be made in the near future.

Mr. SHERMAN. So the ratification under these circumstances would provide the protection necessary for U.S. companies to operate?

Ms. BISWAL. It would provide the assurances of how India sees and accrues liability in the event of any kind of a happenstance. So it does therefore then guide how companies would see their own liabilities and how the courts would see and determine liability, we believe.

Mr. SHERMAN. I want to go on. Just for the record, if you could give us a timeline about how the South and Central Asia Bureau is being restructured to include Afghanistan and Pakistan that would be helpful for our record.

I want to shift over to Sri Lanka. We have witnessed a democratic change of government there and of course the end of the civil war, but parts of the country have yet to recover especially the north and eastern regions where the Tamil minority lives. What is the State Department doing to encourage the Sri Lanka to get the army to leave these occupied lands and to allow displaced persons to return?

And what are the efforts, Jon, that you are making to rebuild the schools and hospitals that were destroyed in the northern and eastern parts of the country?

Ms. BISWAL. I will answer briefly and then turn to my colleague as well to chime in on the Sri Lanka support prospects and priorities.

With respect to the bureaucratic restructuring that you referenced with respect to the South and Central Asia Bureau and the Special Representative for Afghanistan and Pakistan, this is something that we are looking at very closely. We have always felt and articulated that, at the right time, we wanted to reintegrate and combine these entities—which were very important at the time while we had an ongoing conflict and a very large and complex operation to manage—to be able to provide that dedicated management focus by creating a Special Representative's office. I think as we look at the transition in Afghanistan, we are looking to see in the near future how we bring that structure and reintegrate that into the Bureau. So that is something that I think we will be looking at and moving forward on in the months ahead.

With respect to Sri Lanka, I think you are absolutely right to focus on some of the very deep challenges in terms of supporting reconciliation, and that is to address some of these longstanding issues of land. The government has actually set a fairly ambitious 100-day plan and has started down that path including, I believe, just in the past day or so there was an announcement in Jaffna by the government, by the commission on land that I believe they set up, on returning the initial parcels of land. We think that that is a good start and we know much, much more needs to be done. And the United States has said it has committed that Sri Lanka will not be walking down that path alone; that we are committed to helping them address some of these key issues so that there can be more meaningful reconciliation moving forward.

But why don't I turn to Jon Stivers on that.

Mr. STIVERS. Thank you Ranking Member Sherman for that question and for your interest in U.S.-Sri Lankan relations and the plight of the Tamil community in northern Sri Lanka.

The democratic election in Sri Lanka was really a testament to the Sri Lankan people who changed government at the ballot box in a nonviolent way in honor of their traditions, their longstanding democratic traditions. Shortly after the election we sent an interagency assessment team to Sri Lanka to really look at the reform agenda of the government and assess the needs of the Sri Lankan people moving forward. We found strong support for the reform agenda from the government.

The government was elected with the support of the minority populations and we saw that land was an absolute key priority for the people there in Sri Lanka including accountability, decentralization and rebuilding of democratic institutions. We hope to support the elections process moving forward, as well as civil society and the vulnerable communities all over the country, and youth.

We are looking closely at the assistance package moving forward both in the short term and the long term. We have briefed a number of your staffs on the findings of the assessment team, and we hope to work with Congress, get your input before decisions are made and move forward in a bipartisan way—Congress and executive branch working together.

Mr. SALMON. Thank you.

Mr. Connolly?

Mr. CONNOLLY. Thank you, Mr. Chairman.

Ms. Biswal, I know it has been brought to your attention that there seems to be a serious issue with the seizure of Indian passports bearing a T visa issued by the United States to Indian nationals. I believe you have been apprised to that issue by us. I believe we have written to you. Can you please comment on it? This is very troubling. I mean here are people who have been victims of human trafficking. We give them a special status on their visa or their passport or both, and the Indian Government is seizing them.

Ms. BISWAL. Thank you, Congressman. This is an issue that has caused concern at the Department as well. The United States adopted the T visa status in line with our obligations under the Palermo Protocol to permit trafficking victims to remain in the United States in appropriate cases and to reunite with immediate family members. We have expressed our concern to the Government of India over this alleged policy, both here in Washington and in India through our Ambassador, and we continue to engage with the Indians on this issue.

Shortly after learning of this new policy, our officials visited in New Delhi and met with the Ministry of External Affairs to gather additional information and to obtain a copy of this new policy. Our Consular Affairs Bureau, our Embassy officials, and I myself personally, have raised these issues with Indian officials both as part of our U.S.-India consular dialogue and as part of our ongoing diplomatic engagement.

Mr. CONNOLLY. What is the rationale you are given by the Indian Government?

Ms. BISWAL. The Indian Government has said that they believe that our issuing visas to their citizens on issues where they believe there should be a domestic judicial process to address these concerns—that they don't support that. However, I would add that this issue has received significant domestic attention in India as well and has already been challenged in the Indian courts.

At the state level, the State of Kerala's High Court has recently ruled that India's ban on T visas violates fundamental rights guaranteed by India's constitution. So I think that this is a policy that is under considerable debate and discussion within India as well as being the subject of U.S.-India conversations.

Mr. CONNOLLY. All right. Well, I would appreciate you responding in writing to the requests that have been given to you by us.

And Mr. Chairman, I would ask for unanimous consent that a document, a one-page document, issued by the Intelligence Bureau of the Ministry of Home Affairs with the Government of India regarding this issue be formally entered into the record.

Mr. SALMON. Without objection, so ordered.

Mr. CONNOLLY. I thank my friend.

Final question and switching gears entirely, your turn, Mr. Stivers. I mentioned in my brief opening remarks about my concern about, well, my desire to see more metrics and more of a narrative about the cumulative positive impact, hopefully, of our economic investments in the form of foreign aid especially in South Asia.

I want to give you the opportunity—I know you are new, but you are not new to the subject matter and so forth—your observations about that.

Mr. STIVERS. Thank you, Mr. Connolly, for that question and for your interest in foreign assistance reform and how our foreign assistance can operate better. The United States—the administration and Congress—we do have to tell a better story about how our less than 1 percent of the Federal budget really promotes our security, stability in the world, our prosperity in terms of economic growth, and promotes our democratic values. Development is absolutely key to the Asia Rebalance because it engages with the people. It is not just government-to-government relations, but it engages the people and it tackles some of the challenges in their lives.

And so the narrative about why that is important to all these important issues in the world is really a story that needs to be told in a much better way. Empowering the reformers who are trying to create change in this country. It is democratic reformers, but it is also women reformers who are trying to change traditions that are not fair and are unjust.

And so to the extent that our assistance is promoting these values we have to talk about that. More specifically, our health investments especially in the regions—especially in Bangladesh and Nepal—are really achieving tremendous results. In Bangladesh we have helped them achieve 60 percent decreases in child and maternal mortality in recent years. In Nepal they have had a successful election; they are in the difficult process right now of writing a constitution. But there have been tremendous successes on nutrition. Same goes with India. And so in my written testimony I went more through some of those specific examples.

On terms of India and Bangladesh, they are meeting their Millennium Development Goals; they are cutting poverty; they are really helping people and they are moving their countries along with relatively high economic growth rates. And we look forward to working with you and telling that story especially in the consideration of the budget.

Mr. SALMON. Thank you.

Ms. Meng?

Ms. MENG. Thank you.

As I mentioned earlier, we consider the country of Bangladesh a good friend of the United States. It is a democratic, moderate country in the region and we have happily seen it grow in economic power.

However, Mr. Stivers, as you said some of the success in Bangladesh has been achieved despite a difficult political situation. What can the U.S. Government do to encourage a de-escalation in violence and political posturing? I have heard conflicting reports that the situation has begun to improve, and if that is true what can we do to continue on that path? Because there is no guarantee a de-escalation will be sustained.

And in relation to that has the ongoing political standoff between the ruling Awami League and the BNP opposition had any adverse effects on the implementation of U.S. assistance programs in Bangladesh?

Mr. STIVERS. Thank you for that question. Despite the political upheaval, Bangladesh has been an excellent partner with achievements in economic growth and health and agriculture, and we must stay engaged. We know that violence and governance chal-

lenges have the potential to threaten a lot of the economic development gains that have been made.

The Fiscal Year 2016 budget, it includes a $10-million increase in support for civil society in Bangladesh. That is one of the larger increases within the budget for South Asia. Our support for civil society helps them push back on some of the negative trends that have been occurring politically.

But in terms of our development successes, I mentioned the 60 percent declines in maternal and child mortality. We have introduced new fertilizer techniques that have increased rice yields by 20 percent, and better management of forests and wetlands. In terms of the economic development side for Bangladesh, there has been tremendous progress and so far that progress has not been threatened, but we must stay engaged and it is important for the political impasse too to hopefully be resolved soon.

Ms. BISWAL. If I could add to what my colleague has said on the assistance side, we have been very engaged diplomatically on urging a lessening in the violence and an improvement in terms of the political climate in Dhaka, where Ambassador Marcia Bernicat working with her colleagues in the diplomatic community, ten Chiefs of Missions working together, met with leadership in both parties and with the government to address our concerns and to convey our concerns about, one, the level of violence, and two, creating conditions for greater political dialogue and to create a more inclusive political environment.

We have been quite clear both privately and publicly about the fact that we believe there is no place for violent protest in political discourse and have urged that any political parties that have been party to such violent protest, that they have to first and foremost reject violence, and secondly, we have been quite clear that we need to see some space for a political dialogue and have urged the government to try to create that space.

I do agree, Congresswoman, that there has been a decrease in violence over the past couple of weeks and we hope that that trend continues, and we will continue to work with our Bangladeshi friends. Because at the end of the day, we all want to see Bangladesh continue to move forward as a stable, secure and prosperous country that is able to provide opportunity for all of its citizens and to be able to continue to play the strong and constructive role that it plays in advancing global security through its contributions in peacekeeping and through other ways. So this is an issue where we are very intensively engaged in trying to support improvements in that political environment.

Ms. MENG. Thank you. And I know I am running out of time, but if you could address this maybe in a later testimony.

Can you expand on initiatives in India in relation to women's and children's health, and also initiatives to decrease reports of violence against women?

Ms. BISWAL. Jon, do you want to——

Mr. STIVERS. Sure, sure. Well, thank you for that question. Women's empowerment is a big challenge in India and indeed all of Asia, and gender violence certainly is a significant challenge. That it is one for moral reasons of course, but it also holds back development of the country and its economic growth and prosperity.

As we know, empowerment of women is key to a healthy and strong country and economy. USAID has a number of initiatives related to that, to gender violence. We have a "Safe Cities" program which includes gender in urban planning and infrastructure, and we have also helped with a film called "Girl Rising," which tells the stories of about nine women, helps raise awareness, and we have helped in terms of local language release and teaching materials. It has raised awareness and helps combat some of the negative issues around that in India.

Ms. BISWAL. I would also just add that some of the most powerful voices on women's empowerment and women's security are Indian voices and that there has been a tremendous amount of media attention and focus within civil society and within the business community in India. And our goal is to support Indian efforts and Indian initiatives because we believe that there is very strong leadership emerging in India to address these issues.

Mr. SALMON. Thank you.

Mr. Bera?

Mr. BERA. Thank you, Mr. Chairman and Ranking Member, and thank the witnesses. Often when we are looking at the U.S.-India relationship we focus on some of the challenges, and I am actually going to shift this because there are a lot of positive things that are really happening in the relationship.

In my opening comments I mentioned raising the FDI insurance caps. That is a positive step. That is something we have talked about for a long time and I think we should applaud the Modi administration for taking that step which will certainly help investment flows. I think tackling issues like introducing the land acquisition bill in India is a positive step, not an easy step but a positive step. So again I think we should applaud the Modi administration for that.

Looking at some of India's ascension going from a recipient nation to a donor nation, particularly when I look at some of the work they are doing in Africa, I think, is something that we should applaud. And in fact, I think, as we look at our strategy within USAID, the Indian diaspora has a long history in Africa and in fact may have a better understanding of African politics and culture and can very much be a strategic partner here.

Mr. Stivers, in your written testimony I am glad you gave a shout-out to the University of California Davis, my home institution, and some of the work that they are doing helping address the food security issues both in India, but then also partnering with India in addressing some of the food security issues in Africa. There is real opportunities for our institutions of higher education, our research institutions to work with India.

Now shifting to next steps. How do we continue to move forward? Secretary Biswal, you touched on making sure we move forward and finalize the bilateral investment treaty. I think that is a very important aspect that will then help resolve some of these issues for American companies and so forth. And I really do think both from our end making sure USGR is focused on getting a BIT signed, continuing to use USAID to empower India to again move from a recipient nation to a donor nation.

And USAID has a very interesting program that was announced by the President in January when he was there, the Diaspora Bonds. The Prime Minister, in his comments here in September when he was in New York and Washington, DC, clearly asked the Indian-American diaspora that has done so well here to take the lead in continuing to move the relationship forward. Clearly there is a role in the diaspora that wants to see this relationship come together. And I would be curious, this is a very innovative and new program, if you could comment on the Diaspora Bonds.

Mr. STIVERS. Sure. Thank you, Congressman Bera, and thank you for your leadership on U.S.-Indian relations which is so important because we have so many mutual interests, mutual democratic values where we can really work together promote a lot of good in this world. And I think that President Obama and Prime Minister Modi are really taking this relationship to a new level.

In terms of the Diaspora Initiative, it is an innovative assistance program. The 3 million Indian-Americans who are living in the U.S. know how important that relationship is. And the initiative as you mentioned it partners with the Calvert Fund and private Indian financial institutions to really harness the investment potential of Indian-Americans living in the U.S. to address some of the social challenges that not just India faces but the development challenges that we have globally. And it is a very important initiative and thank you for mentioning it.

Mr. BERA. Absolutely. And another positive is you are getting the framework for the DTTI engaged on the defensive side, the defense framework. I think that is a positive now continuing to move forward on aircraft carrier technology, on the pathfinder projects and so forth. Again those are some low-hanging fruit that are both in our interests as we see a strong India and its presence in the Indian Ocean.

Secretary Biswal, I would be curious about your thoughts about the potentials here.

Ms. BISWAL. Well, thank you very much, Congressman. Clearly India and India's rise as a net security provider across the Indian Ocean region is going to be of growing importance. We want to have partners that we can work with that share our goals and values in terms of the global order and the rules based world that we want to see, and we know that in order to bring that about we need to have partner countries that can do that. And investing in India's capabilities is profoundly in our self interest in that sense.

The DTTI initiative is really focused on again advancing those kinds of efforts that bring Indian capabilities and really look toward advancing interoperability between our two militaries so that we can continue to deepen the partnership. India is taking on a greater role in maritime security on addressing issues like piracy and in creating the environment for safe commerce to occur. And so in DTTI we have seen in looking at carrier technology, in looking at things like the pathfinder projects and things like UAVs and such, we are looking at how we can invest in those capabilities. I think Undersecretary Kendall was just there and has been making good progress in that area.

Mr. BERA. Great. So again this is an exciting time in the relationship. Undoubtedly we will encounter challenges on both sides

of the partnership, but if we keep our eyes on the broader, longer term goal this really can be the defining partnership in this century. So thank you.

Thank you, Mr. Chairman.

Mr. SALMON. I thank both Ms. Biswal and Mr. Stivers for coming and doing a very, very good job expressing the priorities, and we really appreciate your willingness to work closely with us as we try to conduct one of our most important functions and that is oversight. So thank you very, very much, and it is great to see that people move from here and go on to the other branch to live very successful careers. So thank you.

Mr. SHERMAN. I think this demonstrates that when people with experience in the House move into the executive branch, the executive branch is the clear winner. And I yield back.

Mr. SALMON. Thank you. This hearing is now concluded. Thank you.

[Whereupon, at 12:12 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Asia and the Pacific
Matt Salmon (R-AZ), Chairman

March 17, 2015

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Asia and the Pacific in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Tuesday, March 24, 2015

TIME: 11:00 a.m.

SUBJECT: The U.S. Rebalance in South Asia: Foreign Aid and Development Priorities

WITNESSES: The Honorable Nisha Desai Biswal
Assistant Secretary
Bureau of South and Central Asian Affairs
U.S. Department of State

The Honorable Jonathan Stivers
Assistant Administrator
Bureau for Asia
U.S. Agency for International Development

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Asia and the Pacific* HEARING

Day *Tuesday* **Date** *03/24/15* **Room** *2172*

Starting Time *11:00* **Ending Time** *12:15*

Recesses [*0*] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Matt Salmon, Chairman

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [ ]

Electronically Recorded (taped) [ ]
Stenographic Record [ ]

TITLE OF HEARING:

The U.S. Rebalance in South Asia: Foreign Aid and Development Priorities

SUBCOMMITTEE MEMBERS PRESENT:

Salmon, Chabot, Brooks
Sherman, Bera, Gabbard, Meng

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Connolly

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:15*

Subcommittee Staff Director

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE GERALD E. CONNOLLY, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

1059

SECRET

No 4/Imm-1/2014(4)-4462
Int eIligence Bureau
(Mini ry of Home Affairs)
Go ernment of India
New Delhi, the 10/7/14

Memorandum

Subject : **Seizure of Indian Passport bearing ("T") Visa issued by U.S.A to Indian n tionals reg.**

Enclosed please fin a copy of E. Mail/Fax of MEA CPV Division issued vide no. vII/405/2/1/2013-05 dated 30-06-2014 regarding approval given y Competent Authority on the subject cited above.

2. In this regard, it is entioned that Trafficking category ('T') visas are being issued b the U.S. Government since the US Congress passed a legl lation called the Trafficking Victims Protection Act (TVPA) in 000, mandating the US Government to protect and assist victims of human trafficking in the U.S. The primary victims get T-1 vis s and "derivative" visas are granted to spouses (T-2), Children of th victim (T-3) or parents (T-4).

3. This matter was exami ed in MEA and the Competent Authority i.e. Foreign Secretary has pproved that the BoI (MHA) can stop Indian passport holders fi m leaving the country, if they got Trafficking ("T") visa i.e. (-1, T-2, T-3 & T-4) affixed on their passports.

4. In view of MEA's direc ons Indian nationals having Trafficking ("T") visas on their passpor be stopped from leaving the country. Such Indian Passports be s ized having the said category of visa and sent to the Ministry i.e. JS/CPV, CPV Division (MEA), Patiala House Annexe, Tilak Marg, N w Delhi-110 001 (in case the passport has been issued by the Miss ons/Posts abroad) or to the concerned Passport Officer (from the pa sport has been issued).

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Statement for the Record
Submitted by Mr. Connolly of Virginia

U.S. assistance to countries in South Asia should help emerging partners develop according to our shared values and common interest in regional security and stability. Despite significant economic gains in South Asia, development challenges remain. The region is home to one-third of the world's malnourished children and ineffective disaster resilience is a constant threat to progress in one of the most tropical cyclone and flood prone areas in the world. From supporting democratic transition in Nepal to finding space for free and peaceful demonstration in Bangladesh; the U.S. assistance strategy should recognize that resolving governance issues in the region will be vital to sustainable outcomes in areas such as public health, education, and food security.

The U.S.-India relationship will be immensely consequential to the U.S. presence in the Asia-Pacific region during the 21st century. President Obama has made this relationship a priority. He is the first U.S. President to visit India twice while in office, and he was recently the first American President to enjoy the honor of being received as the chief guest during the Indian Republic Day Parade.

However, during the more than six decades since Indian independence, the U.S.-India relationship has been a complicated one. In the 1950s massive amounts of U.S. food aid went to India to prevent famine. During the height of the Cold War, India moved into the sphere of the Soviet Union with the signing of the Indo-Soviet Treaty of Friendship and Cooperation. With the collapse of the Soviet Union relations entered into what many have called an amiable drift, punctuated by the Indian nuclear test in 1998.

It was around the turn of the century that U.S.-India relations and the Indian economy turned a corner. The growth that has taken place in what used to be a closed economy just 20 years ago is dramatic. GDP has increased tenfold. India is now America's 11th largest trading partner, Indian investment in America has doubled in the last four years, and Bangalore has become the Silicon Valley of South Asia with growing information technology and biotechnology sectors. I saw the growth of a $2 trillion economy firsthand during my trip to India in 2013.

I also saw the immense challenges brought about by fast paced economic development in a country of 1.25 billion people. Half of the country's roads are unpaved and coal accounts for two-thirds of power generation. In addition, current energy infrastructure cannot keep up with demand, causing routine outages. The U.S. assistance strategy should help India meet the need for clean water and sanitation services and address the tremendous strain on public infrastructure brought about by growing urban populations.

The rise of India could be to the benefit of the U.S., and we should work to further develop this important relationship between the world's oldest democracy and the world's largest democracy.

At a hearing examining the President's Budget Request for South Asia last year, it was noted that democracy in Bangladesh was seriously undermined by flawed elections held in January 2014. A 2011 constitutional amendment eliminated the caretaker government that oversaw three fair elections since 1996. With little hope for free and fair elections, the opposition Bangladesh Nationalist Party (BNP) boycotted the entire process.

The ruling Awami League has since used its position to further consolidate power within government institutions, and BNP supporters and their political allies have launched nationwide strikes, enforced a transportation blockade, and carried out violent protests. On Sunday, BNP leader Khaleda Zia announced a fresh 72-hour nationwide strike, and the Awami League is pushing forward with city corporation elections that have been delayed for over eight years. Many in the opposition suspect that the Awami League will manipulate the administration of the election process to once again deny the country fair elections.

It will require international pressure to help resolve this political impasse. Earlier this month, I joined with a bipartisan coalition of my colleagues in writing to Secretary of State Kerry requesting continued engagement with Bangladesh to bring this protracted conflict to an end and set Bangladesh on a positive trajectory. The winner-take-all nature of recent elections in Bangladesh provides little incentive for a ruling party to risk an unfavorable outcome at the polls. The President's request for Bangladesh is $208.9 million. The U.S. must focus a portion of these resources on democracy initiatives and resolve underlying impediments to good governance that hinder efforts to address poverty and development challenges.

I look forward to hearing from our witnesses regarding U.S. priorities in South Asia. The U.S. must demonstrate a commitment to our democracy and governance goals for the region. Unstable government institutions can be the most significant and enduring impediments to development. In South Asia we have an opportunity to carry out an assistance program that works with the country government instead of despite it. This is a more sustainable, and ultimately less costly, assistance strategy.

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