

**ASSESSING U.S. FOREIGN POLICY PRIORITIES AND  
NEEDS AMIDST ECONOMIC CHALLENGES IN  
SOUTH ASIA**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON  
THE MIDDLE EAST AND SOUTH ASIA  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED TWELFTH CONGRESS  
SECOND SESSION

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## ASSESSING U.S. FOREIGN POLICY PRIORITIES AND NEEDS AMIDST ECONOMIC CHALLENGES IN SOUTH ASIA

WEDNESDAY, MAY 16, 2012

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE MIDDLE EAST  
AND SOUTH ASIA,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The committee met, pursuant to notice, at 2 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Steve Chabot (chairman of the subcommittee) presiding.

Mr. CHABOT. Good afternoon, the subcommittee will come to order. I want to welcome all of my colleagues to this hearing of the subcommittee on the Middle East and South Asia. The purpose of this hearing is to follow up on the recent full committee hearing with the Secretary of State and the USAID Administrator.

Last week we heard from administration officials on the Middle East component of the Fiscal Year 2013 budget, and this week we will focus on the South Asia component which includes, notably, Afghanistan. Just over a year ago this subcommittee heard testimony from the administration on our programming in Afghanistan, and although much has changed on the ground since then, our policy has not. Although the details continue to change, the fundamental underlying policy seems to remain the same and it is driven by one key objective, transition by the end of 2014 by any means necessary.

In the President's recent speech at Bagram airbase, President Obama tried to lay out what he believes is the path forward. Reading that speech, however, it seems to me that it was more of a victory lap than a statement of strategy or objectives. Indeed, there is an inherent tension in President Obama's remarks. On the one hand, he makes very clear that our objective is to deny al-Qaeda a safe haven, nothing more. On the other hand, he acknowledges how tenuous the gains we have made are and that if, as he says, we do not offer "Afghanistan the opportunity to stabilize, our gains could be lost and al-Qaeda could establish itself once more."

While the much-celebrated recently signed Strategic Partnership Agreement is certainly a move in the right direction, it is more of a broad commitment toward a similar future than a road map of how to get there. Clearly, in order to sustain these goals we must, as President Obama notes, work to stabilize Afghanistan. But what does a stable Afghanistan entail? And as important, how do we and

the Afghans plan to get there? We now have this agreement but we have no specifics. We have the transition plan on the ground, but handing the keys over is hardly in and of itself a measure of success. How do our aid programs fit into an overall political strategy? We have a reconciliation process, but the process is stalled and by all reasonable assessments is going nowhere. As former Secretary of State Henry Kissinger recently noted, "If you negotiate while your forces are withdrawing, you are not in a great negotiating position."

I hope our witnesses will explain today what kind of Afghanistan we want to see post-2014, and how the policies that are being implemented get us there. I will confess that my fear is that the administration has no real comprehensive plan, at least not on the civilian side. Before we start patting ourselves on the back too much over the Strategic Partnership Agreement, we should remember that shared intent is not shared policy. The devil, as they say, is in the details.

Just to the south in Pakistan, continued sanctuary offered to insurgents has been one of our largest challenges on the ground, and regrettably, I fear it will not disappear anytime soon. To that point, the Department of Defense's most recent report to Congress notes flatly that, "The Taliban insurgency and its al-Qaeda affiliates still operate with impunity from sanctuaries in Pakistan" which "remain the most critical threat" to the U.S.-led effort in Afghanistan. At its core, Pakistani sanctuary is really a symptom of a larger problem. Our strategic objectives in Afghanistan are fundamentally incompatible with Pakistan's. While we seek a sovereign and independent Afghanistan, Islamabad vies for a neighbor that can be easily influenced and controlled. And as serious of a threat as Pakistani-based insurgent groups pose now, they have the potential to spiral post-2014 and place Afghanistan once more in the center of a dangerous regional conflict. I wish this were the only challenge in our bilateral relationship with Pakistan, but the 14-point guidelines approved by Pakistan's parliamentary review of the country's relationship with the U.S. ensures that more bumps are surely ahead, particularly as we approach transition in Afghanistan. I hope the administration is considering how our policy should adjust to accommodate a shift in our interests vis-à-vis Pakistan post-2014.

To the southeast of Pakistan, things happily look significantly better. The U.S.-India relationship has come a long way in the past 20 years. The U.S. and India are united not only by shared interests, but by shared values such as a belief in democracy. And as one of India's leading trading and investment partners, the United States strongly supports New Delhi's economic reforms and strongly encourages the Indian Government to continue along this path. It is no secret, however, that to date the U.S.-India Civil Nuclear Agreement hasn't met U.S. commercial expectations due to the nuclear liability law passed by the Indian Parliament which essentially shuts out U.S. companies. I hope our witnesses here today will discuss what actions are being taken to resolve this.

And finally, I hope our witnesses will address the status of post-conflict reconciliation in Sri Lanka. I had the opportunity to travel to Sri Lanka recently, and I am particularly interested in how

Colombo is building on the recommendations of the Lessons Learnt and Reconciliation Commission. And I might note that the foreign minister, or the Minister of External Affairs, was here today, and a number of Members of Congress, including myself, met with him and the delegation that they brought. We had a very good meeting, I thought.

Unlike in some places, U.S. national security interests in South Asia are both dire and immediates. As we approach what will be a critical time of transition in the region, I hope the administration crafts its policy with a careful eye toward the future in order to sustain the gains that have been so hard-won.

And at this time I would like to yield 5 minutes to the distinguished gentleman from New York, and my colleague, the ranking member, Mr. Ackerman.

Mr. ACKERMAN. Thank you very much, Mr. Chairman. Just as we examined priorities in the Middle East last week, this week we are covering the other half of the subcommittee's jurisdiction, South Asia. Last week I complimented the Obama administration for proposing, wisely in my view, a significant increase in American foreign assistance to the Middle East. This week there will be no such compliments to the administration, which has requested more money for both Afghanistan and Pakistan, which are far and away the biggest aid recipients that we have in the region.

Pakistan is like a black hole for American aid. Our tax dollars go in, our diplomats go in sometimes, our AID professionals go in sometimes, our hopes go in, our prayers go in, nothing good ever comes out. Since Fiscal Year 2002, we have sunk \$24 billion in foreign assistance to Pakistan. It is hard to fathom how so much money can buy so little. Waste at this scale requires not only an oblivious body politic and Congress, but a large cadre of government professionals and horde of contractors. Pakistan's Government, civil-military relations and economy are not an iota less dysfunctional than they were 10 years ago, and in some respects are probably worse.

Pakistan continues to pursue its national interests at our expense and that of our actual allies. Pakistan continues to shelter, directly support and sponsor terrorists. Officially acknowledging this indisputable fact might be grossly impolitic, but that does not make it less true. American standing in the Pakistani public opinion is terrible and it is getting worse. When polled last year, three out of every four Pakistanis regard the United States unfavorably and more than half hold it to be a bad thing that Osama bin Laden sleeps with the fish. Does anyone think another 10 years and another \$24 billion will turn things around?

So apart from the need to secure the minimum cooperation necessary for us to continue to kill as many terrorists as we can identify and to keep the supplies flowing to our American troops in Afghanistan, it is hard to imagine a less productive, more dysfunctional bilateral relationship anywhere in the world. Budget cutters, here is a fat and truly deserving target.

And there is another right next door in Afghanistan. If money and effort and hope simply disappear into the black hole of Pakistan, then Afghanistan is the equivalent of a theoretical wormhole. Money goes into Pakistan and by a miracle of metaphysics or per-

haps just electronic fund transfers, it emerges in bank accounts in the Gulf. A former advisor to General McChrystal once told me, in Dubai there is a running joke that at the banks anyone depositing less than \$1 million in cash has to wait in line. It is a good one, but the joke is on us. We are the chumps who have poured more than \$83 billion in foreign assistance down the world's biggest rat-hole. And between the fall of the Taliban and today, other than killing Osama bin Laden and nearly destroying al-Qaeda, we have scarcely a single, significant, durable nation-building achievement to claim despite the extraordinary efforts that we have made in Afghanistan.

What I really hope is behind the current plan for transition to Afghanistan's security responsibility in 2014, is a cold, dispassionate recognition that a country as ruined and dysfunctional as Afghanistan and that a government so thoroughly corrupt and ineffectual as Hamid Karzai's cannot be saved by our efforts. Instead of providing the requested \$9.2 billion in military spending and foreign aid in Fiscal Year 2013, we need to put this program on a glide path toward something much smaller and more sustainable. How small should it be? I would suggest this rule of thumb. Our support should never total more than the Government of Afghanistan spends on itself. Last year that number was \$3.3 billion. That would be a good start.

American interests in South Asia are larger than Pakistan and Afghanistan, and I apologize for not giving in this a lot of time the many other countries in the region especially India that merit attention. But unless we rebalance our policy and spending priorities in the region away from the expensive, failed sinkholes and toward building stronger partnership with the governments and nations that are seizing control of their own futures, we are going to lose much more than just money.

Mr. CHABOT. Thank you very much. At this time, the members who would like to have 1 minute to make an opening statement can do so. And we will yield 1 minute to the gentleman from California, Mr. Rohrabacher, who is the chairman of the Foreign Affairs Committee on Oversight and Investigations.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman. Let me just note that I was a strong supporter of efforts that back after 9/11 that have failed. And was I wrong for supporting them? I don't know, maybe I was, maybe I wasn't. Those policies have failed and we should recognize that after we foisted a government upon the people of Afghanistan after 9/11 that is overly centralized, totally inconsistent with their traditions and has become a captive of corrupt leaders like President Karzai, who has his own marching orders being given not by the Afghan people but by the Pakistani Government. In Pakistan billions of aid has been given to the Paks since then, billions of aid, while they at the same time have terrorized their neighbors and repressed their own people. Their own people like at the Balochs, who are now fighting and struggling for their freedom there. We should cut Pakistan off of every cent because it is being used for evil purposes and it has even been used to kill Americans. It is time we face reality, admit our mistakes and cut our losses and quit supporting failed policies and corrupt dictators.

Mr. CHABOT. Thank you. The gentleman's time has expired. The gentleman from New York, Mr. Turner, is recognized for 1 minute if he would like to make a statement.

Mr. TURNER. Thank you, Mr. Chairman. Thank you, Ranking Member. I think I will condense my remarks to Pakistan and Afghanistan. Pakistan is difficult country with a long history of instability, military coups and the harboring of jihadists and other violent enemies of the West and basic democratic values. In light of recent tensions between Pakistan and our Government, I think we should carefully reevaluate the nature of what has been a fundamental foreign policy relationship and its benefit to us. The President has requested over \$2.2 billion in assistance, a 100-million increase over last year. I, for one, am concerned about how this money is being spent by this government that has been openly hostile to our interests and our values.

Finally, everyone in this committee is familiar with the situation in Afghanistan. With the President having set a 2004 withdrawal date, there is growing concern among many in both Washington and across the country that the fragile institutions which we attempted to build in that country will quickly disintegrate. The President has asked for \$928 million in total aid for Afghanistan. I would like to know what metric we will have to judge the success of our policies and our contributions. Thank you. I yield back.

Mr. CHABOT. Thank you. The gentleman's time has expired.

I would like to introduce the panel here this afternoon. I will begin with Ambassador Robert Blake who is the Assistant Secretary for South and Central Affairs at the U.S. Department of State. As Assistant Secretary, he oversees U.S. foreign policy with India, Bangladesh, Sri Lanka, Nepal, the Maldives, Bhutan, Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan and Tajikistan. He previously served as Ambassador to Sri Lanka and the Maldives from 2006 to 2009, and as deputy chief of mission at the U.S. mission in New Delhi, India, from 2003 to 2006. Since he entered the Foreign Service in 1985, he has served at the American Embassies in Tunisia, Algeria, Nigeria, and Egypt.

And if I might, I would also like to take a moment to thank you, Ambassador Blake, for the assistance you and your team have provided the subcommittee over time. Since becoming chairman I have tried to visit as many of the countries in the South Asian region as I could and meet with the leaders there, as well as in the Middle East, and you and your staff and our diplomats in the region have helped to make those visits very productive for myself and I know other members as well. We have some great folks on the South Asia desk and on the ground over there and we appreciate all your efforts, and I would just like to publicly thank you for that.

Next, I would like to recognize Nisha Desai Biswal who is USAID's Assistant Administrator for Asia. Prior to her appointment she served as the majority clerk for the State Department and Foreign Operations Subcommittee on the House Committee on Appropriations. She also served on the professional staff of the House International Relations Committee where she was responsible for South and Central Asia policy as well as the oversight of the State Department and USAID. Ms. Biswal has worked at USAID for 4 years and has served as special assistant to the ad-

ministrator and has worked in the Office of U.S. Foreign Disaster Assistance and the Office of Transition Initiatives. We welcome you here this afternoon.

And next I would like to introduce Daniel F. Feldman who is one of two deputies to the Special Representative for Afghanistan and Pakistan. He previously served as a partner in the International Corporate Social Responsibility Group at the law firm of Foley Hoag LLP. He has also served as director of Multilateral and Humanitarian Affairs at the National Security Council in the Clinton administration, and is counsel and communications advisor to the U.S. Senate Homeland Security and Governmental Affairs Committee. He acted as senior foreign policy and national security advisor to the Kerry Presidential campaign in 2004. And we welcome you here this afternoon, Mr. Feldman.

And last but not least, we have Alexander Thier who is the Assistant to the Administrator for the Office of Afghanistan and Pakistan Affairs at the U.S. Agency for International Development USAID. Prior to joining USAID, Thier served as director for Afghanistan and Pakistan at the U.S. Institute of Peace, and chair of the Institute's Afghanistan and Pakistan working groups. Thier was also legal advisor to Afghanistan's constitutional and judicial reform commissions in Kabul, and as U.N. and NGO official in Afghanistan and Pakistan during the countries' civil war.

And again, we have a very distinguished panel here this afternoon. We want to thank you for being willing to testify. And as you know we have the 5-minute rule, and there is a lighting system. The yellow light will warn you that you have 1 minute to hopefully wrap up, and when the red light comes on we would appreciate it if you would cease at that point or very closely within that. And I do have a gavel but I am sometimes relatively free with it. Not throwing it at people or anything, but free at it in maybe giving you a few extra seconds. I am progressive with the gavel.

So in any event, without further ado, Ambassador Blake, you are recognized for 5 minutes.

**STATEMENT OF THE HONORABLE ROBERT O. BLAKE, ASSISTANT SECRETARY FOR SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. BLAKE. Thank you, Mr. Chairman. And first let me thank you for your very kind words about our great team in the field and our great team in Washington. We really appreciate that.

Mr. Chairman and members of the committee, it is a pleasure to be back here to discuss with you the priorities of my bureau, the South and Central Affairs Bureau. I have longer written testimony that I will submit for the record, and let me just briefly summarize what I have to say.

First, let me start by talking about the SCA Bureau's highest priority which is advancing regional economic integration both within and between South and Central Asia. Both regions remain among the least integrated in the world, and the true economic development potential of the region particularly of Afghanistan and Pakistan will not be realized without greater connectivity to the fast growing economies of South Asia.

Last summer in Chennai, Secretary Clinton outlined her New Silk Road vision that foresees a network of economic and transit connections throughout South and Central Asia, with Afghanistan at its heart. We are starting to see regional ownership and some momentum in this effort, and our budget request includes resources to facilitate this. We are also seeing other countries such as Bangladesh recognize the importance of tightening the linkage between South and Central Asia.

The United States is extremely encouraged by the positive recent steps taken by the Governments of India and Pakistan to normalize trade and commercial ties. This process of normalization in both directions could lead to at least a \$10-billion increase in trade, not to mention expanded economic opportunity and stability for the wider region.

In India we continue to advance our strong partnership. Secretary Clinton just returned from a very positive and productive visit to New Delhi and Kolkata. We anticipate that bilateral goods and services trade will surge beyond \$100 billion this year, which represents a quadrupling of trade since 2000. Meanwhile our security relationship has hit an all-time high with an approximately \$9 billion in U.S. defense sales to India, and a continuing robust bilateral military exercise program.

Let me also note continuing progress on civil nuclear cooperation. As you said, Mr. Chairman, there is more work to be done on both sides to create the level playing field necessary for U.S. companies to fully participate in India's civil nuclear market. In the interim we continue to have constructive dialogue with the Indian Government on these issues and we are pleased that U.S. companies are finding ways to move forward now with commercial negotiations. Finally, India shares our goal of preventing Iran from acquiring a nuclear weapon, and to that end has taken steps to reduce its imports of crude oil from Iran.

In Bangladesh, Secretary Clinton announced on her trip the establishment of a partnership dialogue to maximize our bilateral cooperation on a wide range of issues that are important to us. We continue to voice our concerns to the government on issues like labor rights, Grameen Bank, and the importance of preserving and widening the space for civil society. We have also urged Bangladesh's leading political parties to work together for the good of the country, to agree on a formula for the next national election scheduled for late 2013 or 2014.

In the past year, Nepal has made remarkable strides toward concluding its peace process and resolving post-conflict issues. Today, all but 3,000 of the approximately 19,000 former combatants have departed the cantonments and have begun integrating into civilian life, and all of the former combatants' weapons have been turned over to the Nepalese Army. With this progress in mind, the Department of State is currently undertaking a review of the Maoists' status on two terrorist lists, and the Millennium Challenge Corporation has begun discussions with the government on a threshold program.

In Sri Lanka the government has resettled over 95 percent of those displaced during the final phase of its 26-year conflict, released many former LTTE combatants and undertaken important

infrastructure and other economic development projects, but there is much that remains to be done. The United States led successful efforts to win support for a U.N. Human Rights Council resolution in March that calls for Sri Lanka to implement its own Lessons Learnt and Reconciliation Committee report, take action on accountability and allow U.N. special rapporteurs to visit Sri Lanka, report on their findings and offer relevant technical assistance. Mr. Chairman, Secretary Clinton will see Foreign Minister Peiris on Friday to discuss further all of these matters.

Mr. Chairman, in conclusion, South Asia's strategic importance in the region and world affairs will only continue to grow. And it is my pleasure now to turn this over to my good friend and colleague, Nisha Biswal, to discuss the vital role that USAID is playing to support our foreign policy priorities. Thank you.

[The prepared statement of Mr. Blake follows:]

TESTIMONY BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE,  
SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA  
ROBERT O. BLAKE, JR  
ASSISTANT SECRETARY OF STATE  
BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS  
MAY 16, 2012

Chairman Chabot, Members of the Subcommittee, thank you for inviting me to appear before this committee. I am honored to have the opportunity to share with you our priorities and needs for South Asia, a region which remains vital to both U.S. national security and broader regional stability.

The South Asia region that I cover consists of India, Nepal, Bangladesh, Sri Lanka, Bhutan, and Maldives; I also work closely with our Special Representative for Afghanistan and Pakistan, Marc Grossman, who has primary responsibility over those two critical countries.

Let me begin by discussing our bureau's highest priority —advancing regional economic integration. Despite tremendous potential for growth, South Asia remains one of the least integrated economic regions in the world: less than five percent of total trade in the region occurs between and among South Asian countries. The true economic development potential of the region, particularly Afghanistan and Pakistan, will not be realized without greater connectivity to the fast growing economies of South Asia.

As many of you will remember, Secretary Clinton outlined a vision of economic cooperation, trade liberalization, and increased trade flow during her visit to Chennai last summer, referring to it as a 'New Silk Road.' The New Silk Road approach envisions a network of economic and transit connections running throughout South and Central Asia, with Afghanistan at its heart.

The idea is a simple one: by maximizing the use of transportation and energy infrastructure and actively promoting cross-border collaboration and trade, this region can once again become a bustling hub for global commerce. The United States will play a facilitating role, however real progress must come through improved cooperation among neighbors in the region. Leaders from the region met last fall in Istanbul to discuss concrete ways to improve their cooperation and again in Dushanbe in March. We are starting to see regional ownership and some momentum in this effort and our budget request includes resources to facilitate regional cooperation in support of Afghanistan's transition and integration into the wider region.

In South Asia, the United States is extremely encouraged by the positive recent steps taken by the Governments of India and Pakistan to normalize trade and commercial ties. This process of normalization in both directions, including the eventual extension of Most Favored Nation status by Pakistan and the reduction of non-tariff barriers by India, could lead to at least a \$10 billion increase in trade, not to mention expanded economic opportunity and stability for this entire region.

We were also pleased by the historic transit trade agreement between Afghanistan and Pakistan (APTTA), full implementation of which will provide a boost to the economies of the region by

reducing the costs and delays in transport between Pakistan and Afghanistan, and expanding reach to world markets. We believe APTTA can serve as a model for the region, helping reduce cross-border smuggling, increase government revenues from legitimate trade, and create a multiplier effect as ancillary services grow to support increased trade. As proof of that concept, Kyrgyzstan, Tajikistan, and Afghanistan have just formalized their own Cross-Border Transport Agreement.

We see these types of developing trade relationships as win-win situations, and we are working hard to support them.

Beyond our support for regional integration, we also continue to have specific and vital interests in each of the countries of South Asia. First, I will discuss our strategic partnership with India. I will then delve into India's neighbors: Bangladesh's economic and social growth, supporting reconciliation and accountability in Sri Lanka and Nepal, and democratic transition in Maldives and Bhutan.

**India:** The United States and India continue to advance a fundamentally strong partnership, with the expansion of people-to-people ties supplementing the depth and breadth of our strategic bilateral endeavors. The shared values and principles between our two open societies and open economies, guide our mutual commitment to international security and economic prosperity. As you know, Secretary Clinton just returned from a very productive visit to New Delhi and Kolkata where she reviewed the full range of our shared bilateral interests. I would like to take this opportunity to highlight the significant development of U.S.-India relations over the past year and how it is reflective of future strides in progress.

We anticipate that bilateral goods and services trade will surge beyond \$100 billion in 2012, which represents a quadrupling of trade since 2000. Today India is our 12th largest trading partner, and as the world's second fastest-growing major economy, it will become the world's third largest economy by 2025. Promising steps in economic engagement include sustained negotiation of a Bilateral Investment Treaty, significant efforts to ensure full implementation of the Civil Nuclear Cooperation Agreement, and full support of the President's National Export Initiative with a growth in exports exceeding 12.4 percent per year. The President's November 2010 visit to India – in which he announced deals worth over \$14.9 billion, supporting approximately 53,670 jobs – clearly set a benchmark for the current flow of commerce and for the exponential growth in Foreign Direct Investment from India into the United States, which was highlighted again during Secretary Clinton's trip to India earlier this month.

The trade and investment that drives our economic relations with India has reached beyond Washington and New Delhi, into our state and city partnerships. Governor O'Malley recently led a historic trade mission to India bringing over \$60 million of investment into the state of Maryland. In addition, several other state and local governments are engaging various sectors throughout India.

The security relationship has hit an all-time high with approximately \$9 billion in U.S. defense sales to India with additional sales in the pipeline. In addition, India holds more military exercises with the United States than it does with any other country which, together with a number of exchanges and visits, solidifies the scope of the partnership between our militaries. On the civil nuclear deal, we are pleased U.S. companies are finding ways to move ahead with

commercial negotiations. Homeland security and counterterrorism cooperation are also areas through which our partnership with India currently operates at unprecedented levels, even as we work with the Indian government to establish a legal framework that allows U.S. companies to participate in India's civil nuclear industry. India shares our goal of preventing Iran from acquiring a nuclear weapon, and to that end India has recently taken important steps to reduce imports of crude oil from Iran. We continue to work with India developing alternative sources of supply to support India's substantial energy needs. As India advances its strategic objectives beyond the South Asia neighborhood, we have also partnered successfully on a number of regional consultations and trilateral collaborations. The support of Congress in deepening this cooperation is invaluable and has resulted in enhancing security-at-large throughout the Indo-Pacific region. India's emergence as a global leader furthers our efforts for peace, prosperity, and democracy in the region.

Joint efforts by the United States and India to address global challenges highlight the important role this relationship has played over the past several decades and will continue to play for years to come.

**Bangladesh:** Bangladesh is the world's seventh-largest country by population, home to 160 million people, including the world's fourth-largest Muslim population. It is a moderate, secular democracy, and an active and cooperative partner with the United States on some of the greatest challenges of our time, including food security, climate change, global health and counterterrorism. The U.S. supports the efforts the Government of Bangladesh has taken to become a constructive partner in the region and beyond, particularly due to its status as the world's largest contributor of manpower to global peacekeeping forces, and its efforts to build ties with India and Burma and bolster regional interconnectivity. Bangladesh is to be congratulated for its high levels of economic, social, and agricultural development over the last few decades. Few people realize that the Bangladeshi economy has grown at a rate of nearly 6 percent a year for the past decade, even in the worst years of the global recession, and that Bangladesh has been successful at dramatically reducing rates of maternal and child mortality and increasing school attendance, especially for girls. Bangladesh is now self-sufficient in rice, where food shortages had previously been commonplace.

Many of these successes have been achieved in coordination with development assistance from the United States, and through the hard work of Bangladesh's vibrant civil society, ranging from small groups in a single village to home-grown Bangladeshi organizations like BRAC and Grameen Bank which have exported their successful models promoting micro-credit and social responsibility worldwide. And yet, problems remain. We continue to voice our concerns to the Government of Bangladesh on issues like labor rights and the importance of preserving space for non-governmental organizations (NGOs) to operate without undue restriction. We have also urged Bangladesh's leading political parties to work together for the good of the country, to agree upon a formula for the next national elections, scheduled for late 2013 or early 2014. Secretary Clinton raised all of these issues and more, when she became the first Secretary of State in more than nine years to visit Bangladesh on May 5-6 of this year.

**Nepal:** In the past year Nepal has made remarkable strides toward concluding its peace process and resolving many of its post-conflict issues. In November, Nepal's major political parties reached an agreement on a plan to integrate the former Maoist combatants either into the Nepal Army or back into civilian life. Integration was one of two seemingly intractable issues

impeding conclusion of the peace process. And yet today all but about 3,000 of the approximately 19,000 former combatants have departed the cantonments where they were sequestered for almost six years, and have begun integrating into civilian life. Just as importantly, all of the former combatants' weapons have been turned over to the Nepal Army. The remaining former combatants are now going through a screening process leading to integration into a new directorate of the Nepal Army that will focus on non-combat functions including humanitarian and disaster relief. With this progress in mind, the Department is currently undertaking a review of the Maoists' status on two terrorist lists – the Terrorist Exclusion List and EO 13224.

The major remaining issue impeding conclusion of the peace process is the completion of a new constitution. The deadline to complete the constitution is May 27 and, even now, negotiations continue over how to restructure Nepal into a federal state. As the deadline nears, it is not surprising that many of the groups who have long been denied a meaningful share in Nepal's governance are engaging in disruptive – although largely peaceful – strikes to remind the negotiators that the new constitution must acknowledge and protect their interests.

Despite the quite dramatic progress we have seen in the political arena and the possibilities for development that we hope will follow when the new constitution is completed, Nepal faces many challenges. Although progress has been made in this area, too, Nepal is still one of the poorest countries in Asia. Nepal's per capita GDP of \$490 is the second lowest in South Asia after Afghanistan. Nepalis suffer food insecurity and chronic power shortages. Poor or non-existent infrastructure in many parts of Nepal means that the closest road, doctor or school may be a 10-day walk away. Only 30 percent of the population can readily reach market-accessible roads. With an official unemployment rate of 20 percent and facing few opportunities at home, an estimated three to four million Nepalis have sought work in India, Malaysia, and the Gulf. Nepal's poverty and the relative isolation of many have made trafficking in persons a significant problem but one which Nepal is valiantly trying to combat. Nepal also has some serious human rights problems, among them, impunity for those close to power who violate the law. Also, although Nepal has been a generous host for many years to Tibetan and Bhutanese refugees, Tibetan refugees have been increasingly subject to harassment and have come under pressure to constrain some religious practices.

Nepal also tops the list of countries most vulnerable to catastrophic earthquakes and other natural disasters. Recognizing the potential impact that a major earthquake could have and building on the lessons learned in Haiti and elsewhere, Embassy Kathmandu has developed a strategic framework integrating planning across U.S. agencies to maximize the impact of scarce resources on disaster risk reduction and mitigation.

Although many challenges remain, significant progress has been achieved. U.S. assistance through USAID has transformed many lives by strengthening health services. Nepal and its USAID partners can be proud of its progress toward achieving its Millennium Development Goals, particularly the improvements achieved in maternal and child health. Nepal is a focus country for all three Presidential Initiatives for foreign assistance – global health, food security, and global climate change.

There are other indicators of progress. After an absence of seven years, the Peace Corps will soon be returning to Nepal and will be integrating the work of its volunteers with the goals of the

**Global Health and Food Security Initiatives.** In December, the Millennium Challenge Corporation found Nepal met the criteria for a threshold program. MCC staff just concluded their first meeting with Nepal officials, beginning a collaborative process to design and implement a threshold program.

The growing certainty that almost two decades of instability and violence are a thing of the past has caused both Nepal's own entrepreneurs and international investors to take a new look at investment opportunities in Nepal. Last year, the United States and Nepal signed a Trade and Investment Framework Agreement and Nepal has declared 2012 and 2013 as investment years during which it hopes to attract \$1 billion in new foreign investments.

There are no certainties, of course, but for Nepal these are transformative and promising times.

**Sri Lanka:** Sri Lanka's strategic location makes promoting stability and prosperity a strategic interest of the United States. Since the end of the conflict with the Liberation Tigers of Tamil Eelam (LTTE), the Government of Sri Lanka has taken a number of important steps forward. For example, the government has resettled over 95 percent of those who were displaced during the final phase of the conflict, released all but several hundred former LTTE combatants, and undertaken an ambitious program of roadbuilding, infrastructure, and other economic development projects. At the same time, there has been little progress on many of the more contentious and politically difficult issues, such as reaching a political settlement with Tamil elected representatives, demilitarizing post-conflict areas, and holding accountable those alleged to have committed human rights violations at the end of the conflict with the LTTE. For the future peace and security of the region, we will continue to stress to the Government of Sri Lanka the importance of implementing policies to foster national reconciliation and holding accountable those alleged to have violated international humanitarian and international human rights law.

**Maldives:** Despite its small size, Maldives is an important partner of the United States. Maldives has encouraged regional cooperation by serving as chair of the South Asian Association for Regional Cooperation, and representing a moderate Muslim voice on the United Nations Human Rights Council, supporting U.S. positions at great political risk to itself, playing a prominent role in international climate change discussions, and serving as an important partner to counter terrorism and drugs. Following several weeks of street protests in February against controversial domestic political decisions, the President of Maldives, Mohammed Nasheed resigned. His Vice President, Mohammed Waheed, assumed the Presidency, in apparent conformity with the Maldivian Constitution. The United States and the international community support international assistance for a Maldivian Commission of National Inquiry into the transfer of power and encourage all parties to use existing democratic institutions to peacefully resolve the political impasse. We recently sent a team from the Bureau of Conflict and Stabilization Operations to assess the way we address drivers of instability and USAID recently allocated \$500,000 of Democracy and Governance funding to ensure free and fair elections in Maldives.

**Bhutan:** We maintain good informal relations with Bhutan even as it continues its policy of having no formal diplomatic relations with any of the "Permanent Five" members of the UN Security Council. Bhutan's remarkable "top-down" transition from monarchy to constitutional democracy, instituted in 2008, continues. Bhutan's equally remarkable development agenda is also proceeding, with infrastructure development projects, including a road network connecting

all of its districts, reportedly on track to be completed in 2013. Although there is no formal U.S. assistance program in Bhutan, we do support a very limited number of educational exchanges.

**Conclusion**

Mr. Chairman, in conclusion, South Asia's strategic importance in the region and globally will only continue to grow as we look East in the coming years. My colleague, Assistant Administrator for Asia, Nisha Biswal will discuss the vital role USAID plays in supporting our foreign policy priorities in the region.

Thank you. I look forward to your questions.

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Mr. CHABOT. Thanks very much, Mr. Ambassador. You were right to the second on that. That is very impressive, very impressive.

And Ms. Biswal, you are recognized for 5 minutes.

**STATEMENT OF THE HONORABLE NISHA DESAI BISWAL, ASSISTANT ADMINISTRATOR FOR ASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Ms. BISWAL. That is why he is at the State Department, sir.

Chairman Chabot, Ranking Member Ackerman, members of the committee, thank you again for the invitation to testify today. I will summarize briefly my opening statement and ask that my full statement be submitted for the record.

Mr. CHABOT. Without objection, so ordered.

Ms. BISWAL. This afternoon I wanted to share with you my perspective on the vital role that U.S. foreign assistance programs are playing in this important, dynamic and increasingly democratic region, and in support of the foreign policy priorities that Ambassador Blake outlined.

The diverse but densely populated subcontinent is home to nearly one-fourth of the world's population and we are confronting daunting challenges of disease, deprivation, natural disasters and environmental degradation. Yet this is also a region that has shown significant progress and one that holds even greater promise for the future. And the American people can take a degree of pride in the role that our partnership and our assistance has played in this progress such as the recent success in India on polio eradication.

As Assistant Secretary Blake noted, our investments in the region have also yielded significant benefits for the American people. In fact, U.S. exports to developing countries overall have grown six times faster than exports to developed economies, and today they represent roughly half of all goods and services that the United States sells abroad. We know that the markets of the future will be in these expanding economies of South and East Asia, and USAID is committed to helping develop these further.

Finally, under the leadership of Dr. Rajiv Shah, USAID is reforming the way that we do business by broadening our partner base making it easier for small businesses, local institutions and donors to partner with us. We are making better use of science and technology, strengthening our evaluation capability and partnering much more effectively with the private sector to leverage the knowledge, the expertise and the resources of the American businesses to solve critical global challenges.

The President's Fiscal Year 2013 budget requests \$362.3 million for USAID programs in South Asia. The majority of AID assistance in South Asia is concentrated on the two poorest countries, Bangladesh and Nepal. About 69 percent of our assistance goes to these two countries. Nearly 40 percent of all Bangladeshis today still live on less than \$1 a day, and malnutrition rates in this country continue at an alarming rate of about 41 percent for children under five. So in Bangladesh we are addressing food insecurity and malnutrition through our Feed the Future program, improving health outcomes through a focus on infectious diseases, family

planning, maternal and child health, and addressing the impact of weather-related disasters.

Similarly, Nepal faces development challenges and simultaneously is emerging from a 13-year conflict. AID is strengthening that fragile transition to peace by supporting the integration and rehabilitation of thousands of former combatants into civilian life. We are also working with civil society and the government to improve the delivery of essential social services, scale up health interventions and address food insecurity and build disaster resilience.

In Sri Lanka, USAID has focused on the war-affected populations in northern and eastern parts of the country to support reconciliation between the ethnic groups and to increase economic opportunities for the victims of conflict.

In the Maldives we are supporting efforts to enhance climate resilience and water security in this incredibly vulnerable island nation.

And finally, in India, the United States has embarked on a strategic partnership with the government to harness the capabilities of both countries to address poverty and hunger not only in India but around the world. As India steps up its own engagement and assistance programs globally, it provides a powerful example of democratic governance and economic growth. The new partnership between the United States and India brings together U.S. and Indian resources and partners with U.S. and Indian businesses to identify and invest in innovative and cost-effective solutions that can have a transformative impact not only in India, but can also be adapted for addressing global challenges.

In closing, Mr. Chairman, I just want to reiterate my commitment to ensuring that our assistance programs are advancing vital U.S. interests in the region, are being implemented in the most effective and efficient manner possible. USAID's programs are a smart investment in our own prosperity and security. I appreciate the opportunity to share AID's programs in South Asia and welcome any questions that you may have.

[The prepared statement of Ms. Biswal follows:]

**Statement of Nisha Biswal  
Assistant Administrator Bureau for Asia  
U.S. Agency for International Development  
House Committee on Foreign Affairs  
Sub-Committee on Middle East and South Asia**

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

**May 16, 2012**

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

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

This afternoon, I want to share with you my perspective on the vital role of U.S. foreign assistance in this important, dynamic and increasingly democratic region. I will briefly describe how USAID's development programs in Bangladesh, India, Nepal, Sri Lanka and the Maldives address regional challenges and advance American interests and seek your counsel on the Committee's priorities in the region.

This diverse but densely populated region is home to nearly one-fourth of the world's population, and confronts the daunting challenges of disease, deprivation, natural disasters and environmental degradation. And while democracy is on the march across much of South Asia, the systems of governance are still fragile and under pressure throughout the region. Yet, this is also a region that has shown significant progress and one that holds even greater promise for the future.

The American people can take pride in the role that our partnership and assistance has played in this progress. One such example is the recent removal of India from the World Health Organization's list of polio endemic countries. India has gone without any new cases of polio for over twelve months, and our assistance helped achieve this milestone. Additionally, with support from USAID and other donors, maternal deaths in Bangladesh fell from 322 per 100,000 in 2001 to 194 in 2010, a 40 percent decline in 9 years. These accomplishments demonstrate the tangible development outcomes from our investments in South Asia.

And as Assistant Secretary Blake noted, our investments in the region have also yielded benefits for Americans. Two years ago, President Obama set the ambitious goal of doubling our exports by the end of 2014. With 95% of the world's consumers living outside the United States, and over half in Asia, the region is growing in importance as a trading partner and market for U.S. exports. In fact, U.S. exports to developing countries overall have grown six times faster than exports to developed economies, and today they represent roughly half of all goods and services that the United States markets abroad. Building markets for American goods and increasing trade with developing countries, especially those in Asia, enhances economic growth and employment for the U.S. economy. The markets of the future are increasingly going to be found

in the expanding economies of South and East Asia and USAID is committed to helping develop these markets.

Under the leadership of Dr. Rajiv Shah, USAID is reforming the way we do business so we can respond more effectively to development challenges in South Asia. We are broadening our partner base and making it easier for small businesses, local institutions and other donors to partner with us. This is important not only to maximize cost efficiency and leverage resources, but fundamentally to create sustainable impact that will reduce the need for assistance over time. We are employing the strategic use of science and technology and seeking out innovations that can have a game-changing impact. And we are strengthening our evaluation capability so that we can assess when something is working and replicate it, or determine when a program is not delivering results and should be discontinued. And we are partnering much more effectively with the private sector to leverage the knowledge, expertise and resources of American businesses to solve critical challenges.

#### **USAID South Asia Budget and Priorities**

The President's Fiscal Year 2013 budget requests \$362.3 million for USAID programs in South Asia, a reduction of \$135 million or 27% from the amounts requested in FY 2012. The program addresses the critical challenges facing the region in health, food security, environment and governance while strengthening resilience and disaster response capacity of vulnerable populations to natural disasters.

#### **Bangladesh and Nepal**

The majority of USAID assistance in South Asia, around 69%, is focused on Bangladesh and Nepal. This assistance addresses food insecurity and high rates of malnutrition through our Feed the Future program; improves health outcomes through a focus on infectious diseases, family planning and maternal and child health; and addresses the impact of climate change and weather-related disasters. Our programs also support democratic transitions in both countries by strengthening fragile institutions of governance, including civil society organizations, to counteract corruption and improve government capacity to respond to citizen needs.

In the past 30 years, U.S. assistance has helped Bangladesh reduce fertility rates from 6.3 to 2.5 children per woman; increase wheat yields over 100 percent and rice yields over 1,000 percent; and improve access to electricity from 3 percent to 42 percent of its population. In the past decade alone, poverty declined by 10 percent; maternal deaths declined by 40 percent and child deaths by 30 percent, placing Bangladesh on track to meet Millennium Development Goals by 2015.

Yet despite these gains, nearly 40 percent of the Bangladeshi population still lives on less than \$1 per day and malnutrition rates continue at an alarming and unacceptable rate of 41% for children under the age of 5. Bangladesh has tremendous potential to improve both the economic and nutritional status of its population through agriculture-led growth with its fertile soil, abundant water, and strong research institutions. USAID's Feed the Future Initiative targets 900,000 people, mostly smallholder farmers and their families, to escape hunger and poverty through improved production of high value saline and drought-resistant rice and protein-rich

crops. The program, launched just two years ago in Bangladesh, has already achieved significant results including a 15 percent increase in rice production.

But in order to achieve lasting and inclusive economic growth, the country must tackle essential issues of governance, corruption, and human rights. USAID programs work with Bangladeshi institutions and civil society to: improve the quality of governance by elected leaders; develop fair and open election processes; improve the functioning of political parties; increase parliamentary and citizen oversight of the national budget; and improve government accountability and social service delivery. USAID also works to reduce the prevalence of gender-based violence and increase respect for human rights in Bangladesh.

Nepal faces many of the same development challenges as Bangladesh and is still emerging from a 13-year conflict with a very fragile transition to peace. USAID is supporting the peace process by planning for the effective integration and rehabilitation of thousands of former combatants into civilian life. Additionally, USAID is working to ensure that female ex-combatants are involved in discussions and negotiations, thereby building a more durable and inclusive peace-building effort.

Despite Nepal's remarkable improvements over the past few decades, it remains one of the poorest countries in the world. In order to address these challenges, USAID assistance will cement gains in peace and security, support the democratic transition, support the continued delivery of essential social services, scale up proven health interventions, and address the challenges of food insecurity and climate change.

In order to improve food security, the Feed the Future program focuses on the vulnerable Terai region, one of the poorest and most conflict-affected areas in Nepal and will reach 165,000 people with a comprehensive and integrated approach designed to reduce poverty, improve nutrition, and conserve the environment. The program is working with communities and farmers to introduce high value nutritious crops that are commercially viable for export; provide nutritional training for mothers to improve household diets, and promote environmentally sound decision-making by communities on crop and variety selection, land use planning, and irrigation and water management.

USAID also pioneered the creation of a trained network of Community Health Volunteers, now 50,000 strong, who provide community-based health services in all 75 districts in Nepal. As a result, Nepal, like Bangladesh, is on track to meet Millennium Development Goals in child and maternal mortality. Since 1991, maternal mortality has declined 52 percent, under-5 mortality by 39 percent, infant mortality by 45 percent, and fertility by 40 percent.

#### **Sri Lanka and Maldives**

In Sri Lanka, we have had less success as the government has failed to capitalize on opportunities created by the end of the 30-year conflict to advance ethnic reconciliation, political reform, and economic renewal in this middle-income country.

Therefore, USAID's programs in Sri Lanka have focused on the most war-affected populations in northern and eastern parts of the country to support reconciliation among ethnic groups and to increase economic opportunities for the victims of the conflict.

These programs are improving the lives of war victims and the most vulnerable Sri Lankan citizens. Of equal importance, they ensure that the United States remains engaged in Sri Lanka in a positive, visible way to expand and protect the space available for civil society and those advocating for freedom of speech and human rights.

In the Maldives, USAID is supporting efforts to enhance climate resilience and water security. The program focuses on use and conservation of water resources on the island atolls in ways responsive to environmental, social, cultural, economic, and governance contexts.

### **India**

In India, the United States has embarked on a strategic partnership with the government to harness the capabilities of both countries to address poverty and hunger in India and around the world. As India steps up its own engagement and assistance programs globally, it provides a powerful example of democratic governance and economic growth. It brings the wisdom of lessons learned from its own struggles with poverty, disease and deprivation. Building on the *Partnership for an Evergreen Revolution*, launched by President Obama and Prime Minister Singh in 2010, USAID is transitioning our program and relationship with India. The new program will leverage U.S. and Indian resources and partner with the U.S. and Indian private sector to identify and invest in innovative and cost-effective solutions that can have a transformative impact in India and be adapted to meet global challenges.

India has long been an incubator of innovative and cost-effective technologies for the poor. Frugal innovations that are commercially viable and serve poor communities -- such as mobile extension services that bring real-time weather and crop data to farmers at an affordable transaction cost of pennies per call; drudgery-reducing farm tools; mobile apps that can provide low-cost remote health diagnostics-- are changing the way we think about development. As USAID embarks on this new partnership with India, our focus will be on identifying and testing such innovations, leveraging Indian public and private sector resources to scale new approaches in India and adapting these approaches to impact other developing countries. This approach will focus on supporting networks, alliances, and partnerships between the most capable U.S. and Indian institutions and individuals in government, academia, business and non-profit communities to maximize the impact of our investments.

One example of the importance and influence of Indian leadership in addressing global development challenges is on tackling preventable child deaths. Nearly 7.6 million children die each year from preventable causes such as asphyxia, pneumonia, and diarrhea. India has not only committed to steps that can reduce or eliminate the 22% of global childhood deaths that occur in India, but it has agreed to be a co-convenor of the Global Call to Action on Child Survival along with USAID and UNICEF, galvanizing its neighbors in the region and serving as an example around the world on this important issue.

**Disaster Risk Reduction**

Finally, across the subcontinent, we are working to build disaster response capacity and strengthen the resilience of vulnerable communities. In Nepal, where geologists predict that an earthquake comparable to the one that devastated Haiti is likely, we are working to improve building codes, retrofit infrastructure, and improve training and preparedness. In Bangladesh, where periodic cyclones have been accompanied by high-death tolls, we are creating early-warning systems and a network of shelters that have already resulted in lower casualty rates. USAID is working closely with the U.S. military to strengthen disaster response capabilities throughout the region. USAID's front end commitment to Disaster Risk Reduction is going to save lives when a disaster strikes and is a smart economic investment, which can minimize more costly relief and reconstruction needs on the back end of a disaster.

**Closing**

Mr. Chairman, in conclusion, I want to reiterate my commitment to ensuring that our assistance programs are not only advancing vital U.S. interests in the region, but also that they are being implemented in the most effective and efficient manner possible. As I have sought to demonstrate, USAID's efforts clearly save lives, strengthen democracies and expand opportunity around the world. But they also help keep our country safe and strengthen our own economy. Nowhere is this more prominent than in the countries of South Asia, where the economic benefits to the United States are so compelling and the potential threats to our security are so concerning.

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

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

Mr. CHABOT. Thank you very much. You also nailed it as well right on the second.

Ms. BISWAL. I was 2 seconds off.

Mr. CHABOT. Yes, very impressive. They set a big, important, high standard—

Mr. FELDMAN. The bar is high.

Mr. CHABOT. The bar is very high, it is. Now you might have heard the bells there which is indicated that we do have votes on floor. We have time to get in one, so we will take your testimony and then we will come back and take Mr. Thier and our questions then after that. We will be gone about ½ hour or so because we have four votes.

So Mr. Feldman, you are recognized for 5 minutes.

**STATEMENT OF MR. DANIEL FELDMAN, DEPUTY SPECIAL REPRESENTATIVE FOR AFGHANISTAN AND PAKISTAN, U.S. DEPARTMENT OF STATE**

Mr. FELDMAN. Thank you. Mr. Chairman and members of the committee, thank you for inviting me in to discuss our Fiscal Year 2013 request for Afghanistan and Pakistan. And I, too, have submitted a more detailed written statement which I would like to ask be submitted for the record.

Mr. CHABOT. Without objection, so ordered.

Mr. FELDMAN. Thank you. While the situation on the ground in both Afghanistan and Pakistan has been quite fluid over the past year with some significant progress and also remaining challenges, a constant in our approach is the sober responsibility we take as stewards of the taxpayers' funds. We have sought to carefully evaluate our efforts with our interagency partners and request for Fiscal Year 2013 only the core resources needed to accomplish and sustain our mission successfully in this upcoming, very critical and transitional year.

In Afghanistan the administration has implemented three mutually reinforcing surges, military, civilian, and diplomatic, to fulfill the national security imperative of ensuring that Afghanistan never again serves as a safe haven for al-Qaeda. We are committed to learning the lessons of history and avoiding the kind of precipitous pullout that can fuel instability. We are now in the execution phase of this strategic trajectory that the administration outlined for you. We expect some continuing challenges along the way but we are doing what we said we would. We are achieving the goals we set in each of these three surges, fighting, talking and building at once.

Just 2 weeks ago, as you noted, Mr. Chairman, a Strategic Partnership Agreement was signed that provides a comprehensive framework for continued cooperation between the United States and a sovereign Afghanistan. President Karzai just announced this past weekend the third tranche of transition, after which nearly 75 percent of Afghans will be living in areas where Afghan forces are leading. The Afghan army and police have now repeatedly demonstrated their enhanced capacity to defend the Afghan people with minimal assistance from Coalition forces, and by the end of 2014 the Afghans will be fully responsible for security throughout the country.

In Chicago this weekend, our allies and partners will join us in advancing a sustainable, effective Afghan security force beyond transition. Key to achieving our security objectives is improved Afghan civilian capacity and economic opportunity, which requires not only sustained support from the international community but also critically, Afghan action to improve governance, fight corruption, promote private sector investment and protect human rights. In July, the international community and the Afghan Government will meet in Tokyo to advance this mutual accountability, building on commitments already made in a series of international conferences, including in Istanbul and Bonn, over the past year. While we will continue to face real challenges we have seen some remarkable results. We have made significant progress in bolstering women's rights and education, expanding health services to the Afghan people, advancing nascent democracy and improving Afghan capacity.

We similarly have a clear national security interest in Pakistan's stability with a population of 190,000 million people in the second-largest Muslim-majority country in the world, but with pockets of extremism and nuclear capability in a tough neighborhood Pakistan is of critical importance to regional stability and to our regional strategy. We share many common interests with Pakistan including fighting the extremists that plague us both, the benefits of a secure and stable Afghanistan, and developing stronger regional trade ties.

I want to be clear-eyed in acknowledging that the events of the past year have posed significant challenges to our bilateral relationship, but the U.S. and Pakistan have both expressed and demonstrated a real commitment to getting this relationship on firmer footing and working together constructively on military intelligence and economic cooperation. I have been witness to this personally on my two visits to Pakistan in the last month alone both as part of senior interagency delegations to work diligently through these issues. A critical step must be Pakistan's contribution to the U.S. and international efforts in Afghanistan through the reopening of the groundlines of communication. A U.S. team has been in place in Islamabad for the past 3 weeks, since my last trip there to address these issues, meeting around the clock including this evening. We are making progress and hope we can come to resolution soon. We welcome NATO's invitation to Pakistan to participate at this weekend's summit in Chicago.

Pakistan's cooperation on our key counterterrorism priorities is vital. As President Obama said following the death of Osama bin Laden, we have been able to kill more terrorists on Pakistani soil than just about anywhere else. We could not have done that without Pakistani cooperation. We continue to work with Pakistan to restrict the capability of extremist groups that pose a serious threat to Americans, Afghans and ISAF forces and to the Pakistani people. In their recent parliamentary review, the Pakistanis themselves mandated that their territory shall not be used for any kind of attacks on other countries and that all foreign fighters shall be expelled from Pakistani soil. In this broader national security context, U.S. assistance to Pakistan is designed to promote stability and growth in civilian institutions and the private sector. Though

still fragile, Pakistan civilian institutions have strengthened over the past year and shown great resilience, and the country is now preparing for elections which could bring the first handover of one civilian government to another in the nation's history.

Our assistance is also designed to evolve the bilateral economic relationship to one based on trade not just aid so that we can begin the trajectory away from long-term civilian assistance. In both Afghanistan and Pakistan we recognize that our objectives cannot be met without regional support and greater regional trade and economic integration. We applaud unprecedented steps to improve Indian-Pakistani trade and commerce in which will continue to advance the Secretary's New Silk Road vision.

And in conclusion, in Fiscal Year 2013, and looking ahead in Fiscal Year 2014, are both critical milestones in our engagement. We look forward to continuing to work closely with Congress to ensure that our efforts are appropriately resourced to achieve our objectives.

[The prepared statement of Mr. Feldman follows:]

**TESTIMONY BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE,  
SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA  
DANIEL F. FELDMAN  
DEPUTY SPECIAL REPRESENTATIVE  
FOR AFGHANISTAN AND PAKISTAN  
U.S. DEPARTMENT OF STATE**

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

**May 16, 2012**

Chairman Chabot, Ranking Member Ackerman, Members of the Committee: thank you for inviting me here today. As you know, I have the privilege of serving as Deputy to U.S. Special Representative for Afghanistan and Pakistan Ambassador Marc Grossman. We work closely with our State and USAID colleagues to advance our diplomacy and development objectives in the region.

Today, I will discuss our FY13 requests for Afghanistan and Pakistan. These requests reflect the arduous processes we have gone through to make smart spending choices for critical years in our engagements with these two countries. We thought long and hard about how to best maintain robust engagement and to fulfill the obligations that we have made alongside our international partners, while still doing our part to keep federal spending in check. I assure you that we are not simply “budgeting by inertia” – rather, we have continually and carefully evaluated our efforts, along with our interagency partners, to ensure their effectiveness and to act as responsible stewards of the tax payers’ funds.

We have learned the lessons of history and are committed to avoiding the kind of precipitous pullout that can fuel instability, as was the case in the early 1990s when the Taliban took advantage of a post-Soviet power vacuum, gained control, and provided al-Qaida with a safe haven. This Administration has implemented three mutually reinforcing surges in Afghanistan – military, civilian, and diplomatic – to fulfill the national security imperative of ensuring that Afghanistan never again serves as a safe haven for al-Qaida. The military surge has succeeded in blunting the Taliban’s momentum and helping the Afghan National Security Forces (ANSF) prepare to take the lead for Afghanistan’s security. The civilian surge tripled the numbers of diplomats and development experts deployed to Afghanistan, helping to increase the Afghan government’s capacity and resulting in improved livelihoods for the Afghan people. And the diplomatic surge has allowed us to engage in conversations with Afghans, regional actors, and the international community in support of a political solution to end the conflict. In each surge, we have carefully increased personnel and resource allocations as needed to match our priorities and objectives, another example of calculated planning.

I bring up the three surges to say that we are in the execution phase of the strategic trajectory that the Administration has outlined for you. And though we expect challenges along the way, we are doing what we said we would, and we’re achieving the goals we set.

**AFGHANISTAN**

The three surges have paved the way for a security transition process, enabling U.S. and Coalition troops to gradually hand responsibility for maintaining security over to the Afghan army and police, thereby allowing U.S. servicemen and women to come home. Since last year, the ANSF has begun to take over lead responsibility for providing security lead for half of the Afghan population. And we welcome President Karzai's May 13 announcement of the third tranche of transition, after which nearly 75 percent of the population of Afghanistan will be living in provinces, districts and villages where Afghan forces are leading. By the end of 2014, the Afghans will be fully responsible for security throughout the country.

But as President Obama said to the Afghan people on May 1: "As you stand up, you will not stand alone." On that day, President Obama and President Karzai signed a Strategic Partnership Agreement (SPA) that provides a comprehensive framework for continued cooperation between the United States and a sovereign Afghanistan in achieving long-term security, supporting social and economic development, encouraging regional cooperation, and promoting democratic progress, including Afghanistan's 2014 elections. President Karzai has repeatedly affirmed his commitment to a peaceful, Constitutional transition of power at the conclusion of his second term. We are committed to helping uphold the Afghans' right to participate in free, fair, and inclusive elections. As the SPA does not commit funding levels to our efforts in Afghanistan, we look forward to working with Congress to fund and ensure oversight of the commitments outlined by the SPA.

The United States stands together with our international allies and partners in making a long-term commitment to Afghanistan. At the November 2010 Lisbon Conference, NATO and Afghanistan announced an Enduring Partnership agreement. Just this week, Germany is joining India, the UK, Italy, and France in concluding their own bilateral agreements. The European Union also recently began negotiations for a long-term cooperation agreement. Together, this web of agreements and others like them will serve as a clear source of confidence for the Afghan people in the international community's sustained commitment.

This weekend, President Obama will be joined in Chicago by 49 NATO-ISAF allies and partners to begin defining the implementation of our long-term commitment. We also will agree to support a post-2014 ANSF that is both sufficient to meet Afghanistan's threats and sustainable with international funding, including ISAF's role in training, advising, and assisting the ANSF.

The ANSF has already demonstrated its capacity to defend the Afghan people with minimal assistance from Coalition forces, as recently demonstrated on April 15, when the ANSF defended the Afghan people and international embassies against a complex series of attacks by the Taliban. We must ensure the ANSF's continued growing capacity and skills through sustained support.

As the President has said, we also support Afghan peace and reconciliation efforts. The necessary outcomes of any reconciliation process are well known. Insurgents must renounce violence, break with al-Qaida, and abide by the Afghan constitution, including the rights

afforded to women and minorities. Those who refuse to accept this path to peace will continue to face unrelenting military pressure.

At the Bonn conference in December, Afghan leaders presented to the international community the outlines of a strategy to ensure Afghanistan's stability beyond the troop drawdown. In turn, the international community committed to supporting Afghanistan throughout a "transformation decade" from 2015-2024. This commitment of development support to Afghanistan after the war effort will help ensure the security, economic, and democratic gains made thus far are irreversible.

The international community will gather once again on July 8 in Tokyo to gauge Afghanistan's progress. The Afghans will present there a framework for organizing international donor assistance, including reform measures to promote democracy and economic growth. As part of the reform effort, we will continue working with our Afghan and civil society partners to fight corruption, as well as the production and consumption of illicit narcotics, both of which hinder licit economic development and international trade. This meeting will also encourage the Afghans to make needed governance reforms at the national and sub-national levels. Part of our Tokyo discussions will center on ways to promote regional trade and private investment and support Afghanistan's growing civil society.

Our bilateral civilian assistance to Afghanistan is designed to facilitate economic stability, encourage responsive governance, and sustain the social gains made over the last ten years. Key components include intensive effort to improve the effectiveness and sustainability of Afghan government institutions; promote critical sectors of the Afghan economy, including agriculture and extractives; continued strengthening of the legal system and law enforcement; and redoubled efforts to increase the participation of women in all aspects of Afghan society.

Our cooperation with the Afghans over the past decade has helped produce dramatic progress in the economic sector and improved services delivery. Today, over eight million Afghan children are enrolled in school, a third of them girls, compared to just a million in school, none of them girls, in 2001. Sixty percent of Afghans now have access to basic healthcare facilities – a six-fold increase as compared to 2002 – and a recent public health survey showed average life expectancy has increased from 42 to 62. Nearly two-thirds of Afghans have phones, and expanded radio and TV access is facilitating information flow. Approximately 100,000 Afghan women have benefited from micro-finance opportunities, and our funding supports 17 protective service facilities for women and children. And since 2006, our rule of law programs have trained over 20,000 professionals working in the Afghan criminal justice system including prosecutors, defense attorneys, judges, investigators, corrections personnel, and social workers.

Afghanistan is also making progress on key transparency reforms to facilitate economic growth, including significant progress toward Extractive Industry Transparency Initiative (EITI) compliance and World Trade Organization accession. And while it took some time, the Afghans have taken steps to resolve the Kabul Bank crisis, permitting the IMF to re-start its relationship with Afghanistan. The Government has also improved the transparency of border custom and tax collection, which reached over \$2 billion in total revenue last year. Furthermore, the Afghan

utility, DABS, has significantly increased its collection of electricity payments from literally zero in 2002 to more than \$170 million last year.

The United States is also assisting in disrupting the opium trade as a funding source for Taliban and insurgent actors. In 2011 alone, more than 500 operations by Afghan forces, ISAF, and law enforcement partners resulted in the seizure of over 82 metric tons of opium, 16 tons of morphine, 10 tons of pure heroin, and 178 tons of hashish according to U.S. Department of Defense figures. Since 2002, we have worked at the request of the Afghan government to help develop a national drug treatment system for Afghanistan, and since 2007, U.S. assistance has established and supported 29 such centers across the country, serving over 8,000 adults, adolescents, and children each year.

Ultimately, the gains of the last decade must be sustained by the Afghan people themselves. The processes of transition and continued economic, political and social development must be Afghan-led. We are cognizant that Afghanistan will continue to face significant challenges. At the same time, we also recognize the very hard choices that Congress must make given the fiscal challenges we all face. Therefore, our FY13 request reflects a concerted effort to focus development programming on sustainable solutions for Afghanistan given limited resources.

Private sector growth in Afghanistan will be key to building Afghanistan's economic self-reliance throughout the "transformation decade." We believe that our vision for a "New Silk Road" will gradually transform South and Central Asia through a network of transit, trade, energy, and increased people-to-people ties. New Silk Road linkages and resulting economic prosperity will also help ensure the mutual security of regional players, all of whom are negatively impacted by insurgent activity in Afghanistan and its border regions.

## **PAKISTAN**

Pakistan stands to benefit greatly from a secure and stable Afghanistan, and from increased regional trade ties with Afghanistan, India, Central Asia, and other partners along the New Silk Road. And as President Obama said after signing the SPA, Pakistan can and should be an equal partner in Afghanistan's reconciliation and transition processes while still maintaining its sovereignty and protecting its interests. Our engagement with Pakistan has meaning well beyond its proximity to Afghanistan, however. With a population of 190 million people, pockets of extremism, and nuclear capability, a stable and prosperous Pakistan is of critical importance to both our regional strategy and our direct national security interests.

The events of the last year have posed significant challenges to our bilateral relationship. Our current discussions with the Pakistanis on how best to pursue our common interests will take time to resolve, and it's not easy right now to provide satisfying answers to some questions. But we must not lose sight of the fact that both the United States and Pakistan have both expressed and demonstrated a genuine commitment to getting this relationship on firmer footing, and to working constructively on military, intelligence, and economic cooperation. I traveled to Pakistan twice in the last month, once with Deputy Secretary Nides and once with Ambassador Grossman. On both occasions, our two sides re-committed to the relationship; we both know

that a constructive, continued bilateral relationship is deeply important, and critical to our respective national interests.

A chief mutual interest is peace and stability in Afghanistan. In this regard, we hope that Pakistan will renew its contribution to the U.S. and international efforts in Afghanistan by opening the ground line of communications (GLOCs) as soon as possible. We have had a team in place for nearly three weeks to develop and refine with the Pakistanis the future terms for coalition use of the GLOC. Renewed flow of U.S. cargo along the Pakistan GLOC would be a key signal of Pakistan's readiness to move to repair the fractures in the relationship. We also hope to resolve outstanding Coalition Support Fund (CSF) reimbursements to reduce friction in the relationship and help us build a more constructive, predictable partnership.

As Ambassador Grossman said during his April trip to Pakistan, we have a common enemy in the extremists that plague us both. We have a strong, mutual interest in seeing an end to the safe havens on the Afghanistan-Pakistan border that allow violent extremists to threaten both Americans and Pakistanis. Through their recent parliamentary review, the Pakistanis themselves have acknowledged that their territory shall not be used for any kinds of attacks on other countries and that all foreign fighters shall be expelled from Pakistani soil.

Pakistan's cooperation on our key counterterrorism concerns has continued despite the turbulence of the past year. As President Obama said following the death of Osama bin Laden: "the fact of the matter is, is that we've been able to kill more terrorists on Pakistani soil than just about any place else. We could not have done that without Pakistani cooperation."

A September 2011 operation led to the capture by Pakistani forces of Younis al-Mauritani, a senior al-Qaida (AQ) operative tasked by Usama Bin Laden to attack the United States and Europe. Pakistani security forces also arrested a number of other AQ operatives and associates, including Muhammad Ali Qasim Yaqub, Umar Patek and Abu Suhayb al-Makki. In addition, at least three senior AQ operatives were killed in 2011 in Pakistan, including Atiyah Abd al-Rahman, AQ's second in command after bin Laden's death, Abu Haf's al-Shahri, AQ's chief of Pakistan operations, and Ilyas Kashmiri, a senior AQ leader involved in al-Qa'ida's plotting against India and Denmark.

Pakistan has continued operations in the Federally Administered Tribal Areas (FATA) and Khyber Pakhtunkhwa (KP), including ongoing counterinsurgency and counterterrorism missions in North and South Waziristan, Mohmand, and Orakzai. Pakistan military liaisons continue to staff border coordination centers in Afghanistan and work with their U.S. and Afghan counterparts to improve the effectiveness of border operations against militants. The Pakistan Navy also participates regularly in multinational maritime security operations.

As Secretary Clinton said while visiting Islamabad in 2011, the Pakistanis "must be part of the solution and that means ridding their own country of terrorists who kill their own people and cross the border to kill in Afghanistan." We continue to work with Pakistan to restrict the capability of groups such as the Haqqani Network, Lashkar-e-Taiba, and the Quetta Shura, which pose a serious threat to American, Afghan and ISAF forces – and to the Pakistani people. We welcome increased cooperation on countering the threat of improvised explosive devices (IEDs),

which affect not only NATO-ISAF troops, but also many Pakistani civilians and the troops whose efforts are important to regional stability. In 2011 alone, Pakistan experienced 1,966 terrorist attacks resulting in 2,391 deaths – the vast majority of which were due to improvised explosive devices (IEDs). These statistics underscore how finding a solution to the IED problem is as much in Pakistan's interest as it is in ours.

U.S. security assistance is focused on strengthening the counterterrorism and counterinsurgency capabilities of Pakistan's security forces, and promoting closer security ties and interoperability with the United States. We are more precisely targeting our security assistance to shoring up and improving Pakistan's counterinsurgency and counterterrorism, cross-border, and counter-IED capabilities, all of which are central to promoting stability in the region post-transition, and critical to U.S. national interests.

As a matter of policy, we have slowed the delivery of certain security assistance to ensure any deliveries are in line with our shared objectives. We are trying to chart a course that enables us to responsibly deliver security assistance to Pakistan that promotes our national security interests and our shared interests with Pakistan, while recognizing that our reduced U.S. military presence on the ground will impact our ability to implement programs. Our request does not reflect the current state of play, but rather long-term thinking on Pakistan's important role in regional security and stability.

Our relationship with Pakistan extends beyond military engagement. Pakistan's civilian leadership has cooperated with us and the Afghans on matters of mutual importance, such as participation in the Core Group with the Afghans on reconciliation and in taking steps to expand regional trade.

Pakistan's government and civil society are working hard to achieve a smooth democratic transition through upcoming national elections, expected sometime before March 2013. These elections will likely be the first in which a civilian government has served its full term and handed over the reins to another civilian government -- a sign, along with the recent visible role the Parliament played in shaping Pakistan's future engagement with the United States, that Pakistan's civilian institutions are gaining strength and prominence. At the same time, we must be aware that election year politics will play a role in Pakistan's posture towards the bilateral relationship. If we take the long view, however, the past year has been an important one for emboldening Pakistani civilian, democratic institutions.

The Administration and Congress expressed the long-term U.S. commitment to bolstering Pakistan's civilian institutions in October 2009 through the Enhanced Partnership with Pakistan Act. We have consistently acted to support the Pakistani people and their elected civilian representatives to further develop their economy and their democracy despite the turbulence in our relationship. We know that a strong, stable, democratic and prosperous Pakistan with accountable institutions is in the interest of both the United States and Pakistan.

Our assistance program is focused on five priority sectors, carefully worked out with the Pakistanis: energy; economic growth, including agriculture; stabilization in the border areas; education; and health. Notably, our work in the energy sector will contribute 900 megawatts of

power, half the installed capacity of the Hoover Dam, to Pakistan's grid by the end of this year, enabling the private sector to grow. Our work to construct over 400 kilometers of roads in the FATA and KP will help Pakistan bring economic opportunities to an underdeveloped, chaotic region on the Afghan border which is also very much in U.S. national security interests. Further, our support to police, prosecutors, and other elements of the criminal justice system are improving law and order and enhancing the rule of law. Many of our programs are implemented through Pakistani institutions, including government agencies, to build local capacity – of course, with rigorous oversight mechanisms to ensure funds are used as intended. And all programs incorporate the cross-cutting issues of strengthening gender equality and democracy and governance. Alex Thier of USAID will elaborate during his remarks.

Our assistance is part of a broader effort to evolve the bilateral economic relationship to one based on “trade, not just aid,” –which not only the Pakistanis favor, but which is also in the interest of the American taxpayer. Even as we continue assistance, we are actively exploring opportunities for increased private sector investment, economic linkages, and regional and international trade, which will ultimately help Pakistan stabilize and move beyond dependence. We welcome collaboration with Congress on how we can move toward greater trade and investment with Pakistan.

Pakistan's desire for “trade, not aid” is also increasingly driving its behavior regionally. Over the past year, the Pakistanis and the Indians have together made unprecedented progress in normalizing relations and expanding trade ties. Similarly, the Afghans and the Pakistanis have continued to work together to implement the transit trade agreement that they signed in 2010. Businessmen and women and civil society from each country is at the vanguard of this effort, driving their respective governments forward. These increased economic ties will serve as the natural foundation for stronger bilateral and regional relationships, based around the idea of expanded cooperation. Now the challenge will be ensuring that people on both sides see benefits from improved relations. But these type of efforts are at the very heart of our economic statecraft agenda, and drives the “New Silk Road” for supported expanded regional connections between South and Central Asia.

Our assistance goals also include encouraging respect for democratic processes, rule of law and human rights, both by the government and by ordinary Pakistani citizens. We continue to engage the Government of Pakistan on issues related to promoting religious freedom, reforming discriminatory laws, and seeking an end to impunity for security forces accused of human rights violations. This is not only in line with American laws and policy, but it also ensures that our relationship is based on shared values of respect for peace and tolerance.

#### **BUDGET REQUEST**

To conclude, let me add that FY 13 and, looking ahead, FY 14, are both critical milestones in our engagement with Afghanistan and Pakistan. In Afghanistan, we are approaching the end of the transition in 2014 and the commencement of the “transformation decade” in 2015. In Pakistan, we are engaging and seeking to help shape a crucial partner during a formative moment. Our requests for Afghanistan and Pakistan in FY 2013 will provide the core resources we will need to

accomplish and sustain our missions successfully in the coming fiscal years and beyond, and to continue along a path of increased regional stability and prosperity.

Thank you for your time. I look forward to your questions and to my colleagues' testimonies.

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Mr. CHABOT. Thank you very much. And at this time we will be in recess for a half hour, and then we will have Mr. Thier, and then question the panel. So we will be gone for approximately a half hour, and we are in recess.

[Recess.]

Mr. CHABOT. The committee will come back to order. We have to have two members here at least in order to carry on business, and we now have two members. So Mr. Thier, you are recognized for 5 minutes. You might want to hit that mic there.

**STATEMENT OF ALEXANDER THIER, PH.D., ASSISTANT TO THE ADMINISTRATOR AND DIRECTOR, OFFICE OF AFGHANISTAN AND PAKISTAN AFFAIRS, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Mr. THIER. Thank you, Mr. Chairman, and other distinguished members of the subcommittee. Thank you for the invitation to appear today. My statement is also longer and I ask that it be entered into the record.

Mr. CHABOT. Without objection, so ordered.

Mr. THIER. Our civilian assistance to Afghanistan and Pakistan is a critical component of our core U.S. national security objectives in South and Central Asia. Afghanistan and Pakistan, and consequently the region as a whole, present enormous opportunities and enormous challenges. I began working in the region 20 years ago when I served in Afghanistan and Pakistan for nearly 4 years during the Afghan civil war. This region, wracked with conflict for much of the last three decades, remains one of the least integrated in the world, with the vast majority of its human and economic potential untapped.

This does not have to be the case. However, it will take fundamental changes by regional leaders to transform these dynamics. Our U.S. civilian assistance programs can be an essential catalyst and incentive for change, and our efforts in Afghanistan and Pakistan today are delivering tangible, measurable results. Our efforts to spur investment in small Afghan enterprises, expand trade ties between Afghanistan, Pakistan and India, and connect the restive tribal areas of Pakistan to the economy and government are creating economic opportunity, interdependence, better governance and increased accountability.

The importance and impact of effective, accountable and sustainable development assistance to Afghanistan and Pakistan is more essential than ever in this period of transition. The stability of Afghanistan amidst the drawdown of our forces will require sustained effort to cement the important development gains that have been made and mitigate the economic consequences of the reduction of our military presence. We have seen the dire consequences of neglect and disengagement play out in this region before, and the Obama administration is committed not to repeat history.

Afghanistan has, in fact, made remarkable development progress in the last decade with the support of U.S. and other donor investments. None of these significant achievements was foreordained. For example, the Afghan public health story is nothing short of remarkable. It is an appropriate reminder this week of Mother's Day that Afghanistan had the worst maternal mortality rate in the

world in 2002, and only 6 percent of Afghans had access to even the most basic health care. Today, thanks to an innovative partnership with the Afghan Ministry of Public Health, access to basic health services has expanded to over 60 percent, and life expectancy has risen 15 to 20 years, the single largest gain in life expectancy anywhere in the world in the last decade.

Improvements in education and economic growth tell a similar story. But we have also learned the hard lessons in what is one of the most challenging environments in the world, and we have made critical corrections to the implementation of assistance to enhance effectiveness, accountability and sustainability. The path to sustainable stability in Afghanistan requires continued commitment to civilian assistance increasingly through efforts that will boost Afghan self-sufficiency.

We have prioritized our assistance portfolio to make foundational investments that will enable transition, ensuring that Afghans have the skills and resources necessary to chart their own future. However, this commitment is contingent on the Afghans fulfilling their commitment to strengthen accountability, transparency, oversight and the effectiveness of government institutions.

Pakistan also remains a critical partner for the United States. Their efforts to deal with rising militancy, transnational terrorism and nuclear security are of paramount importance to U.S. national security, and Pakistan's economic and political stability is essential to achieving those objectives. Despite the enormous challenges to the bilateral relationship over the last 16 months, U.S. development work in Pakistan has persevered and delivered important outcomes for the United States and for Pakistan.

USAID has crafted a results-driven civilian assistance strategy that is having a visible and measurable impact that furthers our objectives there. Over the past 18 months we have refocused our program in five key sectors, energy, economic growth, stabilization, education and health, and I hope I will have more opportunity to talk about those. We have also created a network of public-private partnerships that will make those gains sustainable.

In conclusion, development assistance is an important tool in advancing key U.S. national interests, forging strong and productive relationships with international partners, and helping Afghanistan and Pakistan on a path to where our assistance will no longer be required. Ultimately our investments in a stable, self-reliant Afghanistan and Pakistan provide security, economic opportunity, and basic services to their citizens will enhance U.S. security and the long-term stability of the region. Thank you.

[The prepared statement of Mr. Thier follows:]

**Statement for the Record  
J Alexander Thier  
Assistant to the USAID Administrator and Director of the  
Office of Afghanistan and Pakistan Affairs**

**BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE,  
SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA**

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

**May 16, 2012 2:00 p.m.**

Chairman Chabot, Ranking Member Ackerman, distinguished Members of the Subcommittee, thank you for the invitation to appear before you today to discuss the Fiscal Year 2013 budget request and how it seeks to advance United States interests in Afghanistan, Pakistan, and the broader region. As Assistant to the Administrator and Director of the United States Agency for International Development's (USAID) Office of Afghanistan and Pakistan Affairs, I oversee the strategy and execution of our programs and operations in both of these countries.

Civilian assistance to Afghanistan and Pakistan is a critical component of our core U.S. national security objective of a stable South and Central Asia free of al-Qaeda and its affiliates. Afghanistan and Pakistan, and consequently the region as a whole, present both enormous opportunities and enormous challenges. I began working in the region 20 years ago, when I served in Afghanistan and Pakistan for nearly four years during the Afghan civil war. This region, wracked with conflict for much of the last three decades, remains one of the least integrated in the world, with the vast majority of its human and economic potential untapped.

This does not have to be the case. However, it will take fundamental changes by regional leaders to transform these dynamics. Our U.S. civilian assistance programs can be an essential catalyst and incentive for change, and our efforts in Afghanistan and Pakistan today are delivering real, tangible, measurable results that contribute to this potential transformation. Our efforts to spur investment in small Afghan enterprises; expand trade ties between Afghanistan, Pakistan, and India; and connect the restive tribal areas of Pakistan to the economy and government, are creating economic opportunity, interdependence, better governance, and accountability—all of which contribute to our effort to marginalize al-Qaeda and stabilize the region.

We have committed to an assistance program in Afghanistan and Pakistan that is increasingly effective, accountable, and sustainable. The importance and impact of effective, accountable, and sustainable development assistance to Afghanistan and Pakistan is more essential than ever in this period of transition. The stability of Afghanistan, amidst the drawdown of our combat forces, will require sustained effort to cement the important development gains that have been made over the past decade and mitigate the economic consequences of the reduction of our military presence. We have seen the dire consequences of neglect and disengagement play out in this region before, and the Obama administration is committed not to repeat history.

### **Afghanistan**

Afghanistan has made some remarkable development progress in the last decade with the support of U.S. government and other donor investments. Given that Afghanistan started from such a low baseline, none of these significant achievements was foreordained.

Investments in agriculture, infrastructure, governance, and capacity development supported an economic and construction boom with annual growth rates of eight to ten percent - resulting in an increase in per capita income from nearly \$200 per year in 2003 to an estimated \$600 in 2012 and lifting millions out of extreme poverty. U.S. work to build a customs and taxation system has led to an 800% increase in government revenue – allowing the Afghans to pay more of the costs of running their own government.

The Afghan public health story is nothing short of remarkable. It is an appropriate reminder this week of Mother's Day that Afghanistan had the worst maternal mortality rate in the world in 2002, and only six percent of Afghans had access to even the most basic health care. Today, thanks to our innovative partnership with the Afghan Ministry of Public Health, access to basic health services has expanded to over 60 percent, and life expectancy rose 15-20 years, the single largest gain in life expectancy anywhere in the world in the last decade. At the same time, maternal and infant mortality dropped significantly, saving many tens of thousands of lives.

Improvements in education tell a similar story. Under the Taliban, a lost generation of girls was banned from even attending primary school, robbing the whole society of the proven economic, social, and political dividends that come with female literacy and participation in schools, the workplace, the market, and the halls of power. A tenfold increase of children in school, including 35 percent girls, is changing the way Afghans conduct business, education, and politics.

We have also learned hard lessons in what is one of the most challenging environments in the world and made important corrections in the implementation

of assistance to enhance effectiveness, accountability and sustainability. First, we are ensuring that our programs are increasingly effective by setting clear goals and measuring results. When programs are not working, we shut them down. For example, last fall we cancelled a planned road project in central Afghanistan when projected costs more than doubled.

Second, we have built additional layers of accountability to continue to ensure U.S. funds are used for their development purpose. Fighting fraud and waste is one of our highest priorities, and we have greatly enhanced oversight mechanisms to continue to address these matters. For example, our Accountable Assistance for Afghanistan initiative (A3) has increased vetting and oversight of USAID projects. We have put in place an independent third-party monitoring and evaluation team, with the addition of field offices in Kandahar and Jalalabad, to extend the agency's oversight reach to these regions. Overall, USAID field staff designated as field monitors increased over 300% in the past six months to current number of 318 On-Site Monitors across almost 30 programs.

Third, we are working to ensure that our efforts are sustainable. In 2011, we undertook an intensive review of our entire portfolio in Afghanistan, focusing our efforts on delivering results that will be maintained into the future by Afghans and build Afghan self-sufficiency.

### **The Way Forward**

Afghanistan faces a critical turning point in the next few years. Insecurity, corruption, the narcotics trade, and political instability continue to pose challenges to fragile gains in development and governance. The drawdown of international combat forces and the associated economic impact will slow growth. But as the recently concluded U.S.-Afghanistan Strategic Partnership Agreement (SPA) makes clear, we will stay engaged in Afghanistan for the long-term, providing the Afghan people support so that they can pursue a future of greater stability and dignity.

The path to sustainable stability in Afghanistan requires continued commitment to civilian assistance, but increasingly through efforts that will boost Afghan self-sufficiency. Our budget proposal for fiscal year 2013 is aligned with this goal. The signing of the SPA is a major accomplishment and pivotal milestone on this path. The U.S. commitment to seek funding from Congress for continued economic assistance is contingent on the Afghans fulfilling their commitments and obligations to strengthen accountability, transparency, oversight, and the effectiveness of government institutions. Through the SPA, we seek to cement an enduring partnership with Afghanistan that strengthens Afghan sovereignty and stability while promoting respect for the constitution, human rights, and the advancement of women.

We have prioritized our assistance portfolio to make foundational investments that will enable irreversible transition to full Afghan security responsibility, and help to ensure Afghans increasingly have the skills and resources necessary to chart their own future. USAID plans to invest in priority sectors that are critical to private sector-led economic growth: agriculture, extractive industries, trade, and human capacity development. In addition, we are working with the Afghan authorities to ensure credible and inclusive national elections in accordance with the Afghan constitution, including by supporting and strengthening political parties and civil society coalitions to participate fully in an inclusive and representative democracy.

In one of the most food-insecure countries on earth, our agriculture assistance will help significantly boost crop yields, farm income, access to markets and reduce dependence on opium poppy for the 80 percent of Afghans who make their living from subsistence farming. Afghanistan's endowment of mineral wealth provides enormous opportunities to expand industry, trade corridors, and revenues, but presents significant potential pitfalls as well. USAID will work with the Afghan government and the private sector to improve the investment climate, increase Afghan capacity to create and implement a policy and regulatory framework that meets international best practices, and transparently report and manage resource flows so that they benefit the Afghan people.

However, Afghanistan remains a poor country and we cannot, and should not, set unrealistic goals. USAID is making difficult choices to sharpen our focus -- reducing infrastructure investments in order to support the government to maintain the infrastructure it already has. Likewise, we are cementing, rather than expanding, gains in health and education, and are reorienting stabilization efforts to more directly support the transition and a sustainable Afghanistan.

The upcoming G8, Chicago, and Tokyo conferences will be instrumental in engaging the Afghan government and international community to advance our diplomatic and civilian efforts in the region. We are committed to encouraging the international community to continue standing beside the Afghans as they take full ownership and responsibility for their nation's destiny as they move into the "Transformational Decade" (2015-2025) outlined at the December Bonn Conference.

### **Pakistan**

Pakistan remains a critical partner for the United States in a critical region. Pakistan's efforts to deal with rising militancy, transnational terrorism, and nuclear security are of paramount importance to U.S. national security and Pakistan's economic and political stability is a foundation for Pakistan's efforts. Despite the enormous challenges to the bilateral relationship over the last 16

months, U.S. development work in Pakistan has persevered and delivered important outcomes for the United States and Pakistan.

USAID has crafted a results-driven civilian assistance strategy for Pakistan that is having a visible, measurable impact and furthers U.S. foreign policy objectives. Over the past 18 months, we have refocused our program in five key sectors – energy, economic growth including agriculture, stabilization, education, and health. We have also reduced the number of projects in Pakistan from approximately 150 to 50, with plans to further reduce to approximately 35 projects in 2013 to ensure our results are visible and tightly focused.

We have also created a network of public-private partnerships that helps make gains sustainable. We are closely coordinating with the government of Pakistan and implementing through Pakistani institutions when appropriate, to maximize impact.

At the same time, rigorous accountability mechanisms have been put in place to help ensure American tax dollars are used for their development purposes. Pre-award assessments, third-party monitoring, and regular auditing work are implemented to ensure the accountable use of funds. In several cases, we are utilizing a cost reimbursement model that allows us to confirm work is accomplished before payments are made.

The U.S. government has made energy the top priority for U.S. civilian assistance to Pakistan because sufficient and reliable energy is a key element of the country's overall development. Pakistan's chronic power shortage remains the number one constraint to economic growth and has the potential to create further political instability. Nearly half of the population lacks access to electricity and, in Pakistan's industrial base, insufficient power has shut down factories, putting thousands out of work and inciting violent protests. Pakistan must address its energy crisis to enable the private sector to drive growth and employment and ultimately move the country beyond its dependence on assistance.

USAID is increasing Pakistan's power supply with a goal of adding 1,200 megawatts of power to the grid and improving efficiency of the power sector, 900 MW of which will be completed by 2013, benefiting more than two million households and businesses and spurring economic growth. Infrastructure projects such as the rehabilitation of Gomal Zam, Tarbela, and Satpara dams, and three thermal power plants, will help close approximately 20 percent of Pakistan's current energy gap. Yet, Pakistan cannot fully address its energy needs through increasing supply. Therefore, in collaboration with other donors, we are aggressively helping Pakistan pursue policy reforms to help reduce subsidies, increase revenue collection, and improve fiscal management of the power sector. These hard choices in policy reforms, which must be led by the

Government of Pakistan, are crucial for the viability and sustainability of the sector.

More jobs and increased incomes will not just reduce poverty in Pakistan, it will lessen the appeal of extremist groups, and lead to a more stable and prosperous Pakistan. Over the past few years, low economic growth and high inflation have increased the amount of poverty in Pakistan – the UN Human Development Report estimated poverty at almost 50 percent of the population in 2011.

Low levels of foreign investment in Pakistan are exacerbated by concerns over governance, energy, security, internal political instability, and other factors. Pakistan's economic woes cannot be fully addressed until the government tackles long standing issues related to government revenues and how it allocates its budget. As the U.S. focuses its economic growth assistance on the private sector, we continue to urge the Pakistani government to implement the policy reforms needed to improve the enabling environment for private sector-led growth and to promote trade. We also continue to urge the government to implement tax and budget reforms that will help finance the provision of essential services. Private sector growth, when combined with sound fiscal policy, is the key to helping Pakistan move beyond its need for international assistance.

As one step, we plan to leverage USAID funds on at least a one-to-one basis to create new investment in Pakistani small and medium enterprises, which generally lack access to finance but constitute 90 percent of Pakistani firms, and contribute over 30 percent of gross domestic product.

USAID will also focus economic growth programs to increase employment and incomes for 250,000 farmer households (representing two million Pakistanis) by irrigating one million acres of land and connecting small farmers to major agribusinesses, such as Nestle and PepsiCo, to increase the price farmers receive for their products. USAID provided 620,000 Pakistani households – over four million individuals – with agricultural resources like seed and fertilizer, livestock supplies, and/or work opportunities to restore their livelihoods after the 2010 floods. Improved wheat seed increased yields by over 60 percent. Our investments have also led to the irrigation of one million acres of land, improving economic opportunities across Pakistan.

Assistance to the agriculture sector has the potential to transform Pakistan's economy by connecting commercial agribusinesses with small farmers, especially women, in three key sectors with the highest employment multipliers – dairy, livestock, and horticulture. We are also providing support to thousands of businesses to improve the transportation, processing, packaging, and marketing of dairy, livestock, and horticulture products in order to increase incomes, create jobs, and promote long term commercial relationships. By strengthening Pakistan's ability to process, package, and transport agriculture products we are helping to push the sector toward its full potential as a driver of economic growth.

Our assistance to mango farmers helped them connect to regional markets and increased their exports by 90 percent.

Last November, I was able to tour Nestle's Training and Demonstration Farm in Punjab, where I had the opportunity to meet with the chairman of Nestle. This specific project offers training to small farmers on best practices in dairy farming. Trainees receive basic equipment and are introduced to techniques and resources that help improve milk yields and livestock management. The project also helps farmers to connect to agribusinesses and greatly increase their incomes. To date, 9,000 dairy farmers and 5,000 small agribusinesses have been trained by Nestle.

In the priority area of health, saving the lives of women and children strengthens family and community stability and prosperity. USAID has set out an ambitious goal to save 190,000 lives over five years through a network of innovative public-private partnerships that will reduce maternal and infant mortality and increase healthy pregnancies and birth spacing. Channeling the energy, responsibility and commitment of Pakistan's private health sector, USAID plans to develop new public-private primary health care platforms to ensure sustained quality services for the poorest and most marginalized families. Working with public sector reformers and private sector activists, we will work to change outdated supply-side public sector models and bolster service delivery through community outreach services and community-based health financing practices. Health partners include the Sindh and Federally Administered Tribal Areas/Khyber Pakhtunkhwa Health Departments as well as long-established Pakistani non-governmental organizations such as the Pakistan Marie Stopes Society and GreenStar social marketing along with a range of philanthropic groups and local foundations. International expertise and partnerships will be built with the Johns Hopkins JHPIEGO program. The health program will also concentrate on changing harmful social norms and link family planning to health, environment, and social and economic development outcomes.

We are achieving similar results in other sectors. In education we have renovated or built 500 schools and trained 12,000 teachers and 3,000 school administrators in the past three years providing greater education opportunities for Pakistan's large youth demographic. We have also awarded over 10,000 university scholarships to talented, low-income students. Our funding has supported the construction of 410 kilometers of roads completed in FATA and Khyber Pakhtunkhwa, providing economic opportunity and facilitating commerce and delivery of government services in remote areas. And our work in the health sector has helped educate over 50 million Pakistanis in family planning and reproductive health. This progress is vital to Pakistan's long-term political and economic stability.

I recently accompanied the Administrator on a trip to Pakistan in which we had a series of very positive interactions with the government, private sector, and civil society. This is due to our ability to demonstrate that we have delivered real

results, as well as dramatically increased transparency with the Pakistani government and people. Last year we listened to our Pakistani counterparts about their concerns and priorities, which informed our new approach with the five priority sectors and a more focused portfolio.

While ultimately it is up to the Pakistani people to chart a positive course for their country's future, the U.S. will work to support them by providing the tools necessary for the long-term stability of Pakistan and the region. Given the economic and governance issues facing Pakistan, we see our work as critical to U.S. national security.

### **Regional Engagement**

Improving regional trade is an important aspect of our assistance program for Pakistan and Afghanistan, and to this end we helped resolve technical issues necessary for approval of the Afghanistan-Pakistan Transit Trade Agreement. USAID is now supporting its implementation, which will harmonize customs practices, increase the flow of trade across the border, and contribute to expanded commercial ties over time. We are also supporting Pakistan's emerging trade liberalization with India and collaborating with Pakistani think tanks and opinion-makers to promote better public understanding of the importance of trade relations between India and Pakistan.

Furthermore, we are engaging other USAID missions in the region on ways to effectively expand trade with Central Asia and support the New Silk Road vision, which we see as critical to increasing overall economic vibrancy and stability. Later this month, I will participate in a regional mission meeting in Almaty, Kazakhstan to discuss how to further increase regional trade and linkages.

### **Conclusion**

USAID plays a crucial role in implementing the President's strategy in Afghanistan and Pakistan. Development assistance is an important tool in advancing key U.S. national interests, forging strong and productive relationships with international partners, and helping set countries like Afghanistan and Pakistan on a path where our assistance will no longer be needed. Ultimately, our investments in a stable, self-reliant Afghanistan and Pakistan that provide security, economic opportunity, and basic services to their citizens will enhance U.S. security and the long-term stability of the region. The FY 2013 budget request reflects our commitment to maintaining the necessary level of support to accomplish the goals that we have set forth in coordination with our Afghan and Pakistani partners.

Mr. CHABOT. Thank you, Mr. Thier. Your time has expired. We will now have 5 minutes to ask questions. I recognize myself for 5 minutes for that purpose, and I will begin on Afghanistan with Mr. Ambassador. Any of the questions I have, anybody is free to respond if you would like to.

The 6-month assessment team concluded that the Afghan Public Protection Force, the APPF, was not on track to assume private and security contract responsibilities by March 20th, 2012, and made six urgent recommendations with regard to improving the APPF readiness standards. Have any of these recommendations been implemented, and how many of the transition readiness standards have been met by the APPF as of this quarter? Whoever might want to—Mr. Thier?

Mr. THIER. Thank you. I can speak for the USAID portion of that transition. The date of transition was on March 20th of this year, and our implementing partners had identified that 34 of our programs in Afghanistan would require the services of the Afghan Public Protection Force. Today 28 of those 34 have signed contracts with the APPF. The APPF is at their program sites and is functioning. The remaining six of those projects are still negotiating the terms of the agreement under an extension that was granted to them to do so.

So in specific response, while I do not have an update assessment that directly tracks the one from last September, what I can tell you is that for the vast majority of our projects that require the APPF, the challenge has been met of contracting with the APPF, the guards are now onsite and performing the function to the satisfaction of our implementing partners.

Mr. CHABOT. Okay, thank you. My next question has to do with aid to Pakistan. As I mentioned in my opening statement, one of my main concerns regarding our current policy in Afghanistan is the general lack of long-term strategy. I have that same concern regarding our policy toward Pakistan. Foreign assistance is a means not an end in and of itself. From looking through the Fiscal Year 2013 budget proposal, however, it appears to me that our assistance is not aimed in any larger objective, they are just a series of disparate programs.

Could one of you explain to me exactly what we are trying to achieve in Pakistan in particular with our aid? Whoever would like to take that—Mr. Feldman?

Mr. FELDMAN. Sure, I will start on that. Alex and I can split it. We have thought very long and hard about our civilian assistance to Pakistan, and our request is split almost exactly evenly between civilian assistance and security assistance. That was done purposely so that there would be some equality between those amounts. On the civilian assistance side in particular, what we have continued to say is that we are trying to support a long-term stable, civilian, democratic, pluralistic, tolerant society, and we have prioritized our assistance into the five key areas that Alex noted. Those are all, particularly those top priorities of energy, economic growth and stabilization along the border areas, to help to build economic stability, build a middle class and ultimately transition us away from assistance to a more trade-based economy. And so on something like energy it is impossible to create the type of

middle class that can provide for the economic stability when we are still dealing with 16-, 18-hour brownouts. And so our efforts to get megawatts on the grid, to build, to have economic growth programs in both urban and rural areas, and then very tangible projects such as roadwork in the border areas, which help us both on the security and stability side as well as the economic stability side, are key to those goals.

Mr. CHABOT. Okay. I have only 1 minute left, so one thing I would like to say is I heartily support the idea of moving to more trade and less aid. I think that is a goal. We don't always make it but we certainly ought to attempt to do that.

And finally, my question is about the impact of U.S. withdrawal on India. Indian decision makers have become discomfited by signs that the United States and its allies are preparing to leave Afghanistan in such a way that would provide a central role for Pakistan in mediating between Kabul and Taliban elements perhaps even to include a role for the latter, Pakistan, or Taliban in Afghanistan's governance. Such an outcome stokes fears in Indian leaders who wish to limit Islamabad's influence in a post-war Afghanistan.

To what extent are such Indian fears legitimate, and to what extent, if any, does an Indian role in Afghanistan represent a legitimate threat to Pakistan's security interests? And whoever would like to take that—Mr. Ambassador?

Mr. BLAKE. Let me just start on that and then maybe Dan can chime in. Mr. Chairman, when Secretary Clinton was in India last week, she talked a lot with the Prime Minister and the Foreign Minister about what we are doing in Afghanistan and particularly briefed them on our own Strategic Partnership Agreement. I think the Indians were very reassured by that and reassured by the long-term commitment that we are demonstrating to Afghanistan. And indeed, the Indians themselves are doing a lot to show their own long-term commitment. They have a \$2-billion assistance program. They have recently invested in a very large iron ore project that is a multi-billion dollar project at Hajigak, where they will not only be investing in that but also the associated infrastructure.

And then we really see India as kind of the lynchpin of the New Silk Road vision, because they are going to be the largest market in the region. So they are really so important to developing a lot of these regional projects like the Turkmenistan-Afghanistan-Pakistan-India gas pipeline, and many, many other things like that. And of course they have been making a lot of progress with Pakistan on the bilateral trade side which is very, very important to this vision that you talked about of trade. If we are going to create a trade-based economy in Afghanistan, a very important part of that will be to open up those trade routes to India.

Mr. CHABOT. Okay, thank you very much. And my time is expired. I will yield to the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman. And I will ask first, unanimous consent to my full statement be entered into the record?

Mr. CHABOT. Without objection, so ordered.

Mr. CONNOLLY. I thank the chair. Ambassador Blake, I think this may be a question for you, but it may be for Mr. Feldman. The United States and Pakistan seem to have been on different paths

when it comes to the Haqqani network. Can you comment on where we are in our discussions with the Pakistani Government with respect to this very troubling issue?

Mr. FELDMAN. As I noted in my opening statement, core among the shared interests that the U.S. and Pakistan have is our commitment to fighting extremism and it has taken many forms. And I noted the President's statement, which is in my written statement as well as some specific examples, of continued coordination on the counterterrorism side over the last year. On the Haqqani network in particular, I can echo Secretary Clinton's own comments when she was there last in October, when she talked about how terrorism is mutual threat to all of us. And at that point she noted the efforts to squeeze the Haqqani network both from the Afghan side of the border, which was going on with military operations, as well as from the Pakistani side. And we have listed some specific steps that we have ongoing intelligence channel conversations with the Pakistanis about on continued ways to do that including and ensuring—

Mr. CONNOLLY. But Mr. Feldman—

Mr. FELDMAN [continuing]. Intel sharing on financial—

Mr. CONNOLLY [continuing]. Hold on just for a second. There is convincing evidence that elements of the Pakistani Government have protected the Haqqani network within the borders of Pakistan. What are we doing to change that?

Mr. FELDMAN. Yes, sir. We are working jointly with the Pakistanis on targeting Haqqani very, very explicitly. We have targeted them through listings specifically and individually. We continue to work with the Pakistanis on ways that we can confront this not only through military effort but through a range of efforts that the civilian government, the intelligence channels and others can take for part of our conversation—

Mr. CONNOLLY. Mr. Feldman, is it your testimony to this subcommittee that the Pakistani Government and all of its elements including the ISI are in full cooperation with the United States in trying to suppress the Haqqani network as a terrorist organization?

Mr. FELDMAN. We continue to work with the Pakistanis very closely on all extremist threats posed to both the U.S. and Pakistan—

Mr. CONNOLLY. That is not my question, Mr. Feldman.

Mr. FELDMAN [continuing]. Including the Haqqani network.

Mr. CONNOLLY. My question is, do we have the full cooperation of the Pakistani Government in this matter? It is not a complicated question.

Mr. FELDMAN. And I would say we are coordinating very closely with the Pakistani Government.

Mr. CONNOLLY. And I would say you just didn't answer the question, Mr. Feldman.

Mr. FELDMAN. Sir, our counterintelligence efforts are core to our shared interests here, and the Haqqani network is chief amongst them. There are key Haqqani targets who have been killed in Pakistan over the last year both through our own and shared efforts, and there are a range of other alternatives that we are taking to try to continue to target them.

Mr. CONNOLLY. Well, I think in this Congress in a bipartisan basis, there is very troubling evidence of the lack of cooperation with the Pakistani Government on this matter and the Haqqani network is a very dangerous, potent network that has been listed as terrorist. And if we are going to have a partnership or a collaboration with the Pakistani Government that is the least we can expect of them. And the idea that they actually harbor the Haqqani in Pakistan is extremely troubling, Mr. Feldman. The fact that we make representations to the Pakistani Government is not sufficient.

Ambassador Blake, we just saw an assassination of somebody who was sort of playing interlocutor with the Taliban with the idea toward enticing some elements of the Taliban to negotiate with the United States Government with the Government of Afghanistan. That seems not to bode well for any prospect of negotiating with such an extremist Islamic element like the Taliban. Would you comment?

Mr. BLAKE. I am handling India and all the countries around—

Mr. CONNOLLY. Mr. Blake, we can't hear you. I'm sorry, Mr. Ambassador, we can't hear you.

Mr. BLAKE. Let me defer to Dan again on that one.

Mr. CONNOLLY. You are back, Mr. Feldman.

Mr. FELDMAN. I am here to talk about—

Mr. CONNOLLY. You are going to tell me again with marbles in your mouth, we are cooperating very closely with—

Mr. FELDMAN. Sir, I think as Chairman Mullen noted when he testified last fall, there is no solution in the region without Pakistan and there is no stability in the region without Pakistan. And core among our chief interests which are continuing to work and to evolve and where we have a very robust, ongoing relationship through intelligence channels, through military channels and through civilian channels, this is chief amongst our commitments. We talk to the Pakistanis constantly about the need to continue to target even more robustly Haqqani network.

Mr. CONNOLLY. Okay, so you were putting closure on the previous question. I just asked a question about the Taliban.

Mr. FELDMAN. Yes.

Mr. CHABOT. The gentleman's time has expired, but the gentleman is yielded 1 additional minute.

Mr. FELDMAN. On the most recent assassination we don't have any specific intelligence on where that originated from. Obviously, the reconciliation efforts in Afghanistan are part of our core interests. The diplomatic surge is one of the three surges. The High Peace Council is key among those, and there are those to seek to undermine the reconciliation process who are targeting specific members of the High Peace Council. But we don't have any intelligence at this point in terms of who ordered that.

Mr. CONNOLLY. But—Mr. Chairman, if you would indulge just one follow-up. My question really wasn't so much what intelligence we have as asking you to react to the idea that it calls into question, if you will, the efficacy of trying to engage the Taliban in reconciliation at all, and in a tragic way this assassination perhaps puts the exclamation point on that. You may not share that view, and I am inviting you to tell us whether you do or don't, or—

Mr. FELDMAN. Sir, I would say that we have long said through both military and civilian leadership that this conflict would not end through military means alone. It has to end, as most insurgencies end, through some sort of political resolution and reconciliation. That is why we are continuing to try to pursue all possible channels on reconciliation in conjunction with continuing our military and civilian efforts as well. I think this assassination indicates that there is actually great divisions within the Taliban, and that there may well be some who are seeking to reconcile and others that are not. And in as far as it may be a signal of conflict and chaos within the Taliban that is not a bad thing for our interests.

Mr. CONNOLLY. And to your point, and the U.S. Government's position is there are some elements worth trying to reconcile with?

Mr. CHABOT. The gentleman's time has expired. Did you want to respond to that quickly?

Mr. FELDMAN. Yes, sir. That is part of our fundamental strategy that we would have these three surges simultaneously, military, civilian and diplomatic, and reconciliation is the core piece of that diplomatic strategy.

Mr. CONNOLLY. I thank the chair.

Mr. CHABOT. Thank you. The gentleman's time has expired. The gentleman from Texas, Mr. McCaul, is recognized for 5 minutes.

Mr. MCCAUL. Thank you, Mr. Chairman. In following up with my good friend from Virginia, Mr. Connolly, Chairman Mullen, himself, stated that the Haqqani network is operating with Pakistan support. Secretary Clinton warned the President of Pakistan about this. Recently I was in Pakistan, last November, we talked to President Zardari about this. But in his terms he said, we don't pick and choose between terrorist organizations, we go after them all. So I see a bit of a conflict. And of course when we get briefed on this they say, well, they have the terrorists that are in the good bin and those in the bad bin, and so where does the truth lie? I guess, Mr. Feldman, you are the man of the hour.

Mr. FELDMAN. I am the man of the hour. Sir, as Chairman Mullen said and as I was attempting to try to say before, he expressed the administration's view that continuing safe havens are extremely troubling and we have to see action taken against them. But he also emphasized in that exact same testimony that we need to continue to stay engaged to be able to do that and he cautioned against signs of disengaging with Pakistan.

Mr. MCCAUL. Well, then and also the report came out that Haqqani was behind the Afghan attacks against the U.S. envoy just last, well, in April of this year.

Mr. FELDMAN. Yes.

Mr. MCCAUL. They are killing our soldiers. And the idea that the Pakistanis could be complicit and working with them, which I personally believe is true, is very troubling to policymakers like ourselves, and particularly when it comes to foreign aid. Could the Secretary certify today that the Pakistani Government is in no way working with the Haqqani network?

Mr. FELDMAN. Well, that is one of the certifications that we are working through right now on a staff level and we don't have an answer for you at this point. But we are taking that certification, which I know you have been quite involved with very seriously,

and trying to look at it as soberly as possible. Look, we need to be in a position where in every engagement with the Pakistanis we can continue to show the need for increased cooperation on extremists including among the Haqqani network which pose a threat to both of us. And there is clearly more that could be done, but the way that we continue to try to get this done is to increase engagement. And as Secretary Clinton said when she was there last, it is through issues like the financing networks, on intelligence sharing, on working with law enforcement personnel to deny safe haven, and we raise this at every opportunity at every level in all of our engagement.

Mr. McCAUL. And I totally agree with the engagement issue. I just think again when it comes to being able to certify whether or not Pakistan, ISI or government at any level is working with Haqqani, it sounds like this is a work in progress within the administration in terms of whether or not they can certify that question.

Mr. FELDMAN. It is indeed a work in progress. But I can tell you very honestly it is still happening at the staff level where we are collecting all the data, and in looking at the range of criteria—

Mr. McCAUL. Are you aware of any evidence that they are cooperating and working together—

Mr. FELDMAN. There is a range of evidence, and depending on the certification for the steps that they have taken countering extremism and terrorism including on Taliban, including on Quetta Shura and last on the Haqqani network, but continued efforts to try to encourage joint—

Mr. McCAUL. Well, encourage to continue that pressure. I know the Secretary is very good at that. She is smart. I know she is putting that pressure on.

Want to echo the chair's comments about trade. When we met with President Zardari, and I just want to pass this along, he said, really what I want is more trade not aid. And we had dinner with some Pakistani businessmen who were working with the Indians, and there are actually now some pretty closer business ties between Pakistan and India which I think long-term will resolve a lot of this tension between the two countries that has caused so many problems for us here as well.

Last question I want to ask Ms. Biswal. In Herat there has been kind of an experiment going on with five different things, health care, water, food, job training, and education too, kind of have a more holistic approach to our aid to that area in Afghanistan. USAID, there have been a lot of problems with the way it has, I think, functioned in Afghanistan. This has been a sort of joint project with USAID and the NGOs. And I would ask that you look at what is going on in Herat as a potential model for the rest of the country. I don't know if you are familiar with what is going on there or not, or if you can comment on that.

Ms. BISWAL. I would defer to my colleague, Alex Thier, on that.

Mr. McCAUL. Okay. Mr. Thier?

Mr. THIER. Yes, hi. Thank you. I am not obviously certain which project you are referring to. I have been to Herat recently, and if you have been, Herat is the place in Afghanistan when you visit you think if the rest of the country could look like this in a decade

we would be doing well. So I fully endorse the notion that there have been some very successful programs there. And I want to link it to this broader issue which is that Herat is a trading city. It has always been a trading city, and its strength is drawn from the fact that they have very successfully, in the last 10 years, rebuilt trade relations going in every direction, which I think is contributing to the prosperity of the city. And one of the things that we are really trying to do in Afghanistan in that part as well as other parts is to really provide these tools of self-sufficiency so that more Afghans are building their own sustainable livelihoods rather than depending on—

Mr. MCCAUL. I would ask that you look at that model and see what they are doing there to just work. Even some Taliban members are coming back to the village saying, we want to join you because we don't like—they are doing it just for \$5 a day, a lot of these guys, and they don't want to be with the Taliban. Now the top leaders, they are who they are, but I think we can win back a lot of the Afghan people through that kind of model.

I know my time is expired.

Mr. CHABOT. Yes, great. The gentleman's time has expired. We will go to a second round now and I recognize myself for 5 minutes. I would like to shift a little bit here to Sino-Indian relations. The simultaneous rise of the two world's most populous countries has elicited anxieties in both New Delhi and in Beijing. The dynamics of the triangular U.S.-India-China relationships are likely to be critical to fostering global stability and prosperity in the 21st century.

How do you see these things progressing in coming years? And additionally, anti-Indian rhetoric has become more common in China's state-run media. Some hawkish Indian analysts assert that China's newly muscular stance toward India is a direct result of the U.S.-India strategic partnership. To what extent, if any, do you agree with that particular assessment? Whoever would like to take it on—Mr. Ambassador?

Mr. BLAKE. Mr. Chairman, let me just say, first of all, that both the United States and China have continuously stressed that our expanded strategic engagement is not coming at the expense of China and that neither one of us are seeking to contain China. On the contrary, both of us are seeking to engage China wherever possible. In my own case, I have very productive dialogues with my Chinese counterparts both on South Asia and on Central Asia to try to encourage more cooperative efforts between us and at least understand what each of us are trying to get accomplished in each of these important regions for us. And I must say that the quality of those dialogues has really improved over the last several years. I think another kind of important factor to note is that Sino-Indian trade has grown very, very fast, so that has given both of those countries an enormous stake in each other's success, and I think has helped to give them incentive to work through some of the very tough border and other issues that they have.

So I think both of our countries are going to continue to try to engage China, to be clear when we have differences, but also to look for opportunities where we can work together. We have actually proposed a trilateral U.S.-China-India dialogue, and I think

that the Chinese are seriously considering that now. We hope that they will agree to that. And one of the most interesting early topics for discussion would be Afghanistan, because we believe there are ways that we could work together in that country.

Mr. CHABOT. Thank you. Staying on India but a related issue, the relations between the U.S. and India have been somewhat strained due to India's continued import of Iranian oil. This dynamic was the focus of Secretary Clinton's recent trip to India where she said, "We are encouraged by what we have seen the Indian Government being able to do. We want to keep the pressure on Iran." India said on Tuesday that it would cut purchases of Iranian oil by 11 percent. And we had a meeting with the Indian Foreign Minister awhile back, and I think in a bipartisan manner we all emphasized how important this was to us.

And so my question is, is this move big enough to avert U.S. sanctions, and how will this move affect U.S.-Indian relations? Mr. Ambassador?

Mr. BLAKE. Thank you for that important question, Mr. Chairman. As you say, when Secretary Clinton was in India last week she welcomed the progress that India is making, and she noted that the United States and India both show the same goal which is to prevent Iran from acquiring a nuclear weapon. So India has been really terrific in their support in four different votes in the IAEA, the International Atomic Energy Agency, on this subject. Prime Minister Singh has said publicly many times, it is not in India's interest to have another nuclear weapon state in the region. So I think we are in pretty good convergence on this. We continue to urge India to make progress in continuing to reduce its imports of oil from Iran as we do with all of our other partners. And as the Secretary said, there is progress but we need to see continued progress from them and other countries.

Mr. CHABOT. And then finally, in the short time that I have left there, it is no secret that to date, and I had mentioned this in my opening statement, that the U.S.-India civil nuclear agreement hasn't met U.S. commercial expectations, and a key impediment has been the nuclear liability law passed by the Indian Parliament which essentially, as I mentioned, shut down U.S. companies in being involved there. I understand that the Department has been in some discussions with the Indians about the implementation of this law. What is the current status of that liability law?

Mr. BLAKE. Well, again, Secretary Clinton discussed this on her visit last week with senior Indian leaders. She noted that we continue to have a very strong interest in supporting our companies' interests in moving ahead, particularly Westinghouse and General Electric. She was pleased to hear from India that they have restated their commitment to ensuring a level playing field for our companies. We have had a very strong dialogue on the liability legislation. That dialogue has relieved some of our concerns but not all of our concerns, and I think our companies still feel that there are impediments to moving ahead with the current law, so we will continue to work through that.

But in the meantime we are focusing on trying to support our companies' efforts to sign early commercial agreements, things that do not require or they are not impeded in any way by the existing

liability legislation. Things like early engineering and other contracts that would be the kind of precursors to a wider reactor contract. So there has been progress on that and we hope that we can see some early conclusion to some of those contracts that would be quite important to our companies.

Mr. CHABOT. Thank you. My time has expired. The gentleman from Virginia is once again recognized for 5 minutes.

Mr. CONNOLLY. I thank the chair. Mr. Ambassador, following up on the chairman's question about India's cooperation in our sanctions and other policies with respect to Iran. We had a dinner with the new Indian Ambassador here in Washington, and she made the point that India is heavily reliant on Iran as a source of oil. I want to say 15, 20 percent, something in that range. I assume that was the subject of ongoing discussions between the Secretary and Indian leadership when she was there.

What is the sense of progress we are making in helping the Indians to lessen their reliance on Iran as a source of fuel?

Mr. BLAKE. As the Secretary said and as I said earlier, Mr. Connolly, I think progress is being made. To be clear, India is making this progress not because of our own bilateral urgings, but I think they are making progress because they say that this is because of financial and commercial considerations. Most of the Indian companies that have been working in Iran are pulling out for their own reasons, again, looking at market considerations. That is certainly a welcome development from our perspective. So we have had a good dialogue on this, and again we welcome the progress. And that percentage is steadily going down even as India's energy needs—

Mr. CONNOLLY. Consumption, yes.

Mr. BLAKE [continuing]. Are growing quite substantially.

Mr. CONNOLLY. One can't be unsympathetic with the Indian plight. It is not that easy to radically alter, especially in a big country like India, as you say with growing consumption, growing demand, to easily just change your supply pattern. Are we assisting the Indian Government in identifying alternative suppliers?

Mr. BLAKE. We are. And we are really assisting all of our friends that are in this same predicament. In the Indian case they have actually had a long-term policy to source more from Saudi Arabia that has been going on for several years, so you will see the percentage from Saudi Arabia has been growing rapidly. A more recent important source for them is Iraq which itself has been increasing its own production and so that also has become quite an important source for India.

Mr. CONNOLLY. Maybe the Keystone Pipeline will help India with its energy independence too. I am surprised that claim hasn't been made.

Ms. Biswal, when I was in Afghanistan, AID was ramping up big-time, several years ago, and so was DEA. Recent report about poppy production seems to suggest that actually we have lost ground in that respect, 17 out of 34 provinces now poppy producers, three of which had been previously declared as poppy-free. That sounds like all of the aid we are providing through your agency and through DEA does not seem to have had the desired effect. Your comment?

Ms. BISWAL. I am going to again defer to my colleagues, Alex Thier and Dan Feldman, on this.

Mr. FELDMAN. Yes, Mr. Connolly, we would be happy to get back to you with a briefing specifically on counternarcotics. There have been reports on several of the districts that have gone from poppy-free to some production, but that production is still relatively minimal, and I am not sure whether the overall trends agree with your supposition that the overall amount is down. What we can talk about is what USAID and other of our civilian assistance is doing in agricultural production to create livelihoods and to create more economic stability in the countries, specifically focused on poppy-producing regions.

I don't know if you wanted to say anything more on that?

Mr. THIER. So there is obviously two components to this program. The State Department INL works mostly on the eradication and prosecution and so on side of their narcotics control element and USAID focuses on what we call alternative livelihoods, creating a way for farmers who are in the poppy to get out of it and to get out of it sustainably. We have seen, really pretty dramatic in the last couple of years, increases in crop yields in Afghanistan and specifically in some of those areas that are targeted to try and replace poppy cultivation with cultivation of wheat and horticulture. So that is improving. What we are really now working on is trying to get them better market access, because you can plant one thing one season and then if the prices change plant a different thing. And what we need to do is to be able to take the success we have had in agricultural production and make that long-term by creating more sustainable access to markets.

Mr. CONNOLLY. Two observations if I may. One is, interestingly, one of the great consumers of Afghan poppy production is actually Iran, and there may be an opportunity there for cooperation. Secondly, in my previous life up here, on the Senate, in my portfolio was international narcotics control. And the observation I have in looking at many countries that are producers of various substances is that we have the disadvantage that many food crops or other kinds of agricultural production simply don't compete economically, unfortunately, with the drug of choice or the precursor to that drug of choice. And that is what we are up against. I mean how do you disincentivize a farmer who is poor and wants to feed his family from growing a cash crop that is highly lucrative and easily brought to market, and we are offering them, grow some food crops that are a fraction of the cash value of that crop? And I think that has got to be a dilemma including in Afghanistan.

Mr. CHABOT. The gentleman's time has expired. Did anybody want to comment on that? If not, I would just comment, myself, and then we are going to wrap this up. One area that I think has been a dismal failure is our ability to influence Afghanistan relative to the poppy. Opium production in the world, 90 percent of it is coming from Afghanistan, and we are supposed to have some influence there and have spent billions and billions and billions of dollars. But to think that 90 percent of the world opium production comes from Afghanistan means that we haven't even scratched the surface in being successful on that front.

But in any event, I would like to thank the panel for their testimony here this afternoon. We appreciate it greatly. Members will have 5 days to supplement their statements and remarks or offer additional questions. And if there is no further business to come before the committee, we are adjourned. Thank you.

[Whereupon, at 4:06 p.m., the subcommittee was adjourned.]



# A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

**SUBCOMMITTEE HEARING NOTICE**  
**COMMITTEE ON FOREIGN AFFAIRS**  
*U.S. HOUSE OF REPRESENTATIVES*  
*WASHINGTON, D.C.*

**Subcommittee on the Middle East and South Asia**  
**Steve Chabot (R-OH), Chairman**

May 9, 2012

You are respectfully requested to attend an OPEN hearing of the Subcommittee on the Middle East and South Asia, to be held in Room 2172 of the Rayburn House Office Building (**and available live via the Committee website at <http://www.hcfa.house.gov>**).

**DATE:** Wednesday, May 16, 2012

**TIME:** 2:00 p.m.

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

**WITNESSES:** The Honorable Robert O. Blake  
Assistant Secretary for South and Central Asian Affairs  
U.S. Department of State

The Honorable Nisha Desai Biswal  
Assistant Administrator for Asia  
U.S. Agency for International Development

Mr. Daniel Feldman  
Deputy Special Representative for Afghanistan and Pakistan  
U.S. Department of State

Alexander Thier, Ph.D.  
Assistant to the Administrator and Director  
Office of Afghanistan and Pakistan Affairs  
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 202/225-3921 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 MESA HEARING

Day Wednesday Date May 16 Room Rayburn 2172

Starting Time 2:05 Ending Time 4:06

Recesses  (2:42 to 3:25) ( ) to ( )

Presiding Member(s)

*Steve Chabot*

Check all of the following that apply:

Open Session

Electronically Recorded (taped)

Executive (closed) Session

Stenographic Record

Televised

TITLE OF HEARING:

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

SUBCOMMITTEE MEMBERS PRESENT:

*Chabot, Ackerman, Rohrabacher, Turner, McCaul, Conolly*

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

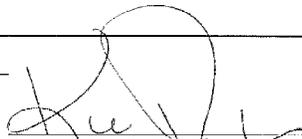
HEARING WITNESSES: Same as meeting notice attached? Yes  No   
(If "no", please list below and include title, agency, department, or organization.)

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

*Conolly statement*

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or  
TIME ADJOURNED 4:06

  
Subcommittee Staff Director

The Honorable Gerald E. Connolly (VA-11)

**MESA Subcommittee Hearing  
Assessing U.S. Foreign Policy Priorities and Needs Amidst Economic Challenges in South Asia  
Wednesday, May 16, 2012; 2pm**

The revelation that the world's most wanted terrorist was hiding out in a \$1 million compound in Abbottabad led Americans to question why the United States continues to engage with Pakistan. Islamabad's checkered history includes waging three wars with India, serving as the base of operations for infamous nuclear proliferator Abdul Qadeer (A.Q.) Khan, and colluding with militants. Pakistan's Directorate for Interservices Intelligence (ISI) in particular has been tied to particularly damning acts, including the widely reported murder of Saleem Shahzad, a journalist who was investigating the ties between the ISI and militants. These and other developments beg the question—why do we continue to engage with the Government of Pakistan? Well, Secretary Clinton said it best:

*Pakistan is a nuclear-armed state sitting at the crossroads of a strategic region. And we have seen the cost of disengaging from this region before.<sup>1</sup>*

Simply put, it is in the United States' national security interest to maintain the bilateral relationship. The presence of several competing actors in South and Central Asia necessitates ongoing U.S. engagement in the region. As countless entities try to gain a foothold in the region and guide its future, the U.S. must redouble its efforts to engage with actors whose interests align with ours.

It is unclear what the current status of the U.S.-Pakistan bilateral relationship is, given recent developments, including: the announcement that the U.S. Ambassador to Pakistan—Cameron Munte—will leave his post this summer, the refusal of Pakistan to allow Ambassador Marc Grossman to visit the country during his January trip to the region, the Nov. 26 NATO shooting incident, and the “Memogate” scandal which resulted in the resignation of the Pakistani Ambassador to the United States.

Moreover, the Haqqani network deserves closer scrutiny. In October a senior commander of the network laid out two conditions regarding any future peace negotiations. The first was that the Haqqanis would not negotiate individually with the United States; the second was that the Taliban had to lead any future talks.<sup>2</sup> These conditions contrasted with the “red lines” for negotiation that the Afghans previously laid out with support from the United States.<sup>3</sup> The issue of the Haqqanis shows the need for the U.S. to have clear expectations regarding negotiations with any party. Therefore, I ask our witnesses today—what is the latest U.S. strategy vis-à-vis the Haqqani network?

<sup>1</sup> Secretary Clinton, *Testimony to the Senate Foreign Relations Committee*, June 23, 2011, p. 5.

<sup>2</sup> Jibrán Ahmad, “Haqqanis will not talk Afghan peace alone: commander,” *Reuters*, October 25, 2011.

<sup>3</sup> Specifically: the people who are prepared to renounce violence; break ties with al Qaida; support the Afghan constitution in all of its elements, including full support for universal human rights, rights of women, rule of law.

The Honorable Gerald E. Connolly (VA-11)

The State Department's FY13 request for Pakistan aid totals \$2.4 billion—\$2.2 billion to strengthen democratic and civil institutions, including \$800 million for the Pakistan Counterinsurgency Capability Fund (PCCF). Moreover, \$197 million supports the U.S. government's civilian presence, as well as programs for engagement with civil society.

With regard to past and current funding for Pakistan, this Congress has codified several reporting requirements. Specifically, the Consolidated Appropriations Act (PL 112-74) requires the Secretary of State to provide in writing, to the congressional appropriations committees, a report on the uses of Foreign Military Financing (FMF), International Military Education and Training (IMET), Peacekeeping Operations (PKO), and the Pakistan Counterinsurgency Capability Fund (PCCF) for each fiscal quarter. I would appreciate an update on those funding accounts, including their efficacy, as the first report was due on April 1. I understand that as of last week, State had not transmitted this report to Congress. What is that status of that report? And what content will it include?

As we discuss these and other South Asia budget issues, I hope the discussion focuses on U.S. national security policy and not politics. In closing, I'd like to add that as a consistent supporter of the international affairs budget, I firmly subscribe to the belief that the three pillars of our national security are diplomacy, development, and defense. I look forward to continuing to work with my colleagues to fight for a strong international affairs budget that funds all our priorities overseas. Absent a nuanced and healthy discussion, we will not do these priorities justice.

