



Foreign Assistance Programs in South Asia

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Regional Policy Priorities

Chairman Lugar, members of the Committee, thank you for inviting me to come here today to talk about how U.S. foreign assistance programs for South Asia support our policy priorities and efforts in the region.

Mr. Chairman, even as we advance our efforts in the Middle East, South Asia remains at the front lines of the war on terror, and regional stability remains critical. We must remain actively and effectively engaged in this region where our most vital interests are at stake. U.S. support has contributed to substantial progress over the past year and a half. Eighteen months ago, we could not have foreseen that Afghanistan would convoke a representative Loya Jirga, select a transitional government to preside over reconstruction, and draft a constitution. Afghanistan must shortly begin preparations for national elections in June 2004. Pakistan's effective support for Operation Enduring Freedom has been equally welcome. Pakistan's October 2002 elections re-established a civilian government, and we are providing assistance towards a full return to democracy there.

We have experienced the close cooperation of all the countries in the region in the war against terror, and were able to play a helpful role last spring and summer to defuse a dangerous crisis between India and Pakistan that could have led to a catastrophic conflict, and we are redoubling our efforts to reduce tensions in Kashmir. Regional stability has been served by Sri Lanka's progress towards ending a 20-year civil conflict. However, we must assist Sri Lanka to achieve and consolidate peace, and Nepal to avoid resumption of a Maoist insurgency and to shore up its fragile democracy. With an eye to the future, we will continue to transform our relationship with India, a rising global power, and will help the moderate Muslim democracy of Bangladesh, which faces difficult political divisions and significant economic challenges, towards greater stability and economic growth.

Assisting South Asia's Frontline States: Afghanistan and Pakistan

As we move into FY 2004 and beyond, helping Afghanistan to establish lasting peace and stability will require a continued commitment of U.S. and donor resources to four interlocking objectives, consistent with the goals of the Afghanistan Freedom Support Act.

-- Afghanistan must establish internal and external security, without which economic reconstruction and political stability will fail. President Bush committed the United States to take the lead among donors in helping to establish a multi-ethnic and disciplined Afghan military. Our security assistance will enable us to train and help retain troops and officers. This program has made significant strides in the last few months. Thanks to the Afghanistan Freedom Support Act, we were able to provide \$150 million under DoD drawdown authority towards a gap in funding those efforts. With similar FY 2004 levels of U.S. funding from all our security accounts, including drawdown authority, we will be able to meet our goal to help establish a strong Central Corps before the 2004 elections. Although we must rely to some degree on local leaders and their militia to provide interim security and stability in many parts of the country, we are working with President Karzai to draw the center and the regions together. We must therefore link recruitment efforts to the broader process of Disarmament, Demobilization and Reintegration (DDR) of Afghan fighters. We are also helping the Afghan government to combat narcotics trafficking, fortify counterterrorism and non-proliferation export control capabilities, and train police in coordination with European and other donors.

-- A stable and effective central government is being established according to the roadmap accepted at Bonn in December 2001. A Constitutional Loya Jirga is scheduled for October of this year followed by national elections scheduled for June 2004. We will assist those processes, as well as assistance to the women's ministry, judicial rehabilitation, human rights, civic education and independent media development. We are providing budget assistance to help keep the government operative while helping Afghans establish revenue generation, while other programs support development of an accountable, broad-based, and representative political system. We are striving to ensure visible signs of progress by the Central Government on key reconstruction needs, such as the completion of the Kabul to Kandahar road segment prior to the June 2004 elections. In order to enhance the Afghan Transitional Authority and better link central and local government, Provincial Reconstruct Teams (PRTs) have been established in three locations with more to follow in late spring. Initial indications of PRT success point to increased stability and enhanced NGO reconstruction efforts.

-- Economic reconstruction and development will bolster the Bonn process and reduce dependence on donors. In January of 2002 at Tokyo, 60 countries, the EU, the World Bank, and the Asian and Islamic Development Banks pledged over \$4.5 billion over six years. At the Afghanistan high-level strategic forum in Brussels in March 2003, the international donor community reaffirmed its commitment to Afghanistan and pledged \$1.5 billion for reconstruction and recurrent budget assistance in 2003. In addition to pledging over \$297 million at Tokyo and \$600 million at Brussels, the United States has assisted Afghanistan to access frozen assets and begun initiatives in the areas of trade, commerce and finance. USAID development programs focus on private enterprise and employment and agriculture -- the livelihood of most Afghans -- as well as health and education. Economic Support Funds will also continue to support infrastructure rehabilitation, including the Kabul-Kandahar-Herat ring road.

-- Humanitarian needs will also continue as reconstruction proceeds. We continue to support the remaining Afghan refugees in Pakistan and Iran, internally displaced persons (IDPs) and returnees. U.S. demining assistance as part of a larger donor effort will enable the return of refugees and displaced, and will support economic reconstruction.

Mr. Chairman, U.S. relations with Pakistan have broadened significantly over the past 18 months. Starting with our solid partnership in the war on terror and our cooperation in Operation Enduring Freedom, we have expanded the relationship and have reestablished a USAID program, providing assistance in the areas of education, democracy, economic development and health. We have expanded our cooperation in law enforcement and we have begun restoring our military ties. In the coming years we will strengthen our programs of bilateral cooperation in order to deal successfully with issues of key interest to both our nations, including: counterterrorism, Pakistan's relations with its neighbors, regional stability, strengthening Pakistan's democracy, helping to promote economic development, and improving life for the people of Pakistan to help this nation continue moving in a positive direction.

U.S.-Pakistan cooperation in the war on terror takes place on several fronts, including coordination of intelligence and law enforcement agencies in hunting Al-Qaida and other terrorists within Pakistan, coordination with military and law enforcement agencies along the border with Afghanistan and efforts to strengthen Pakistan's law enforcement and counterterrorism capabilities and institutions. We continue to work closely with the government on counternarcotics and have more than a decade of successful collaboration with the Pakistani government, including in the tribal areas near the Afghan border. Since the fall of 2001, Pakistan has apprehended close to 500 suspected al-Qaida operatives and affiliates. It has committed its own security forces -- some of whom have lost their lives -- to pursue al-Qaida in its border areas. Just as importantly, we are encouraging Pakistan to build positive, mutually constructive relations with neighboring Afghanistan and support its efforts to establish a stable and secure government. We are also assisting Pakistan to strengthen non-proliferation export controls.

Pakistan's commitment to democracy and human rights will be central to building a stable, positive future for its people. National elections in October, although flawed, restored civilian government, including a Prime Minister and a National Assembly, after a three-year hiatus. We want to see accountable democratic institutions and practices, including a National Assembly that plays a vigorous and positive role in governance and an independent judiciary that promotes the rule of law. We will support

development of the independent media and effective civil society advocates. These institutions are required if Pakistan is to develop into a stable, moderate Islamic state.

Pakistan's progress toward political moderation and economic modernization will require sustained economic growth. The U.S. Government engages in a bilateral economic dialogue with Pakistan to encourage sound economic policies. We are providing debt relief and budgetary support, and are devoting significant resources to assist Pakistan's economic development, particularly in the areas of education as well as health, so that Pakistanis can develop the skills they will need to build a modern democratic state that can compete successfully in the global economy.

Promoting Regional Stability: Indo-Pak Tensions, Sri Lanka and Nepal

We are redoubling our efforts to resolve and prevent conflict throughout South Asia in order to avoid instability favorable to terrorist movements seeking to relocate or expand operations in the region. Stability will also assist continued economic and political progress.

We were deeply shocked and disturbed by Sunday's terrorist attack south of Srinagar, which killed 24 innocent civilians, including two young children. This cowardly act appears aimed at disrupting the Jammu and Kashmir state government's bold efforts to restore peace and religious harmony to this troubled state. Although the U.S. has no preferred solutions for Kashmir; one thing we do know is that violence will not provide a way forward, and should cease immediately. The Kashmiri people have demonstrated a desire to move forward with a peaceful, political solution, and their efforts should be supported by all sides.

Avoiding conflict between Pakistan and India is perhaps the most daunting U.S. challenge in South Asia. We helped to successfully walk India and Pakistan back from the brink of war last year. However, continued terrorism like Sunday's attack threaten to provoke yet another crisis in the coming months. We look to Pakistan to do everything in its power to prevent extremist groups operating from its soil from crossing the Line of Control. Pakistan has taken steps to curb infiltration but we are asking the government to redouble its efforts. At the same time, we will use our good offices to continue to press both sides to take confidence building steps that will lead to a process of engagement addressing all issues that divide them, including Kashmir.

We were encouraged by the results of last fall's state elections in Kashmir and view them as the first step in a broader process that can promote peace. The new state government has adopted a 31-point common minimum program aimed at promoting dialogue, reconciliation, human rights, and economic development in Kashmir. Resources required for this effort are primarily diplomatic. We are also examining ways in which modest U.S. assistance might bolster some of these positive developments and help build up constituencies for peace.

Through a Norwegian-facilitated peace process, the Sri Lankan government elected in December 2001 moved rapidly towards peace negotiations with the separatist Tamil Tiger guerillas -- designated a Foreign Terrorist Organization in 1997. Five rounds of talks have followed the initial round that began in September 2002, and the talks have made significant progress, although complex issues remain that will require time and skillful diplomacy to resolve. Several U.S. agencies, including Treasury, Commerce, and DoD, sent assessment teams to Sri Lanka last year to examine how we can most effectively use our bilateral assistance and engagement in support of the peace process. As a result, we are providing demining support, and we plan to establish new programs to strengthen Sri Lanka's peacekeeping capability and reform its military institutions. Our economic assistance and development programs will facilitate post war reconstruction, economic recovery, and political and social reconciliation and reintegration.

In Nepal, a recent cease-fire and agreement on a code of conduct have raised hopes of progress with the Maoists. We believe the parties have come this far only because the Royal Nepal Army was able to make an effective stand - a goal which U.S. security assistance aims to bolster. In coordination with Great Britain, India and other partners, our security assistance will provide direly needed small arms, equipment and training to enable the RNA to counter the Maoist military threat. If a political settlement has been reached, the United States should be in the forefront of donors prepared to help Nepal conduct local and national elections and strengthen administrative and democratic institutions. In the near term, we will continue to support improved governance and respect for basic human rights, improved health services and rural livelihoods, and sustainable development. Our assistance will also support efforts to bolster government control in areas vulnerable to Maoist influence by funding high-impact rural infrastructure and employment projects.

Transforming the U.S.-India Relationship

Shared interests and values link the United States and India, the world's two largest democracies. We are deepening our partnership and are providing assistance on issues ranging from regional stability, non-proliferation and combating terror, to science and technology, economic reform, human rights and global issues. We are expanding our security cooperation through a bilateral Defense Planning Group, joint exercises and military exchanges. U.S. security assistance aims to promote cooperation and interoperability, and we are helping to upgrade India's export-control system to meet international non-proliferation standards.

As we continue an expanded economic dialogue with India, U.S. economic and development programs aim to assist the completion of fiscal, trade and other reforms that will promote economic stability and by extension, reduce poverty. Our programs will also enable vulnerable groups to have better and quicker access to justice, and will address human rights concerns. Our health programs aim to increase the use of reproductive health services, prevent HIV/AIDS and other diseases, promote child survival, and improve access to and availability of TB treatment. A number of these services are delivered in conjunction with NGOs and the GOI using the platform of our food assistance, which we expect will continue, although with some degree of modification.

Supporting a Moderate Bangladesh

Bangladesh provides a model of a strong, stable democracy. It is in the interest of the United States to help Bangladesh's economy prosper. A valued partner in the war on terror as well as a moderate voice in regional and international fora, Bangladesh is the eighth most populous country in the world and the top manpower contributor to UN peacekeeping missions. Bangladesh has made marked progress on economic development, health and women's rights. However, political rivalries and corruption threaten political stability and impede economic growth, while law and order problems must be addressed. U.S. assistance programs in Bangladesh aim to increase the accountability and effectiveness of Bangladesh's democratic institutions and to promote human rights. Our programs also seek to improve basic education and provide high impact economic assistance and target improved health services for Bangladesh's women and children.

The Maldives and Bhutan

The Maldives, a small Muslim country of 280,000 persons, has served as a moderate voice in international fora, including in the Organization of Islamic Countries. Absent a U.S. mission in the Maldives, engagement continues through regular diplomatic exchanges managed by the U.S. Embassy in Sri Lanka, through our International Military Education and Training program, and through South Asia regional programs.

We have a cordial but modest relationship with Bhutan. We welcome efforts by the King to modernize the nation and to build a constitutional democracy. We continue to urge Bhutan and Nepal to resolve the long-standing plight of 100,000 refugees in Nepal. Bhutan needs to accept back those persons who have a legitimate claim to citizenship.

Public Diplomacy

The South Asia bureau's public diplomacy efforts support the preceding policy goals. As the war on terror continues, we are using public diplomacy programs to counter extremist influences and encourage moderate voices in universities, media, government, religious organizations and business organizations and associations. Getting the message out is key. In Afghanistan, we recently installed a VOA transmitter capable of supporting country-wide AM radio. We are engaged in dialogue with religious leaders in Bangladesh and Pakistan, and through our international exchange programs are giving South Asians greater understanding of religious life and democracy in the United States. To promote stability and development in South Asia, we are focusing in particular on women's rights advocacy training, building skills in conflict resolution, and improving civic education and teacher competence. Other programs work to increase mutual understanding, particularly by reaching out youth and women, like the Seeds for Peace program. Finally, our public diplomacy programs will continue to support our goals to strengthen democratic institutions, extend universal education and support economic development.

Conclusion

Achieving U.S. goals in South Asia has never been more critical to our national security, or to the stability of the region. Mr. Chairman, I will close by re-emphasizing that

the United States has significantly changed and deepened its relationships in South Asia. We are making progress in the war on terrorism. We have contributed to the reduction of tensions and supported the resolution of conflict throughout the region. We have championed stronger democratic institutions, development and economic reform that will lead to a better quality of life and long term stability for all South Asians. But there remain a great deal to accomplish. A more secure, democratic, stable and prosperous South Asia is very much in our interest, and I look forward to working together with the Congress as we continue to pursue those very important goals.

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