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U.S. Agency for International Development
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Chairman Lugar, members of the Committee, I welcome the opportunity to discuss with you the important work that the U.S. Agency for International Development is carrying out in the Asia and Near East region. This has been a year of extraordinary challenges for the United States, and I am confident USAID has helped our nation meet those challenges.

Overview

The countries encompassed by USAID's Asia, Near East (ANE) bureau are at the core of U.S. national interests and foreign policy priorities. This region faces major development challenges including terrorism, instability, oppressive governments, HIV/AIDS, widespread corruption, and persistent environmental degradation. Strongholds of extremism and fundamentalism prey on poverty-stricken people who see little hope in the future. Regional pockets harbor terrorists and radicals who are of significant risk to those countries' governments as well as to the United States.

The lack of transparency in economic and legal institutions and severe restrictions on human freedoms impose a sense of fear and hopelessness that robs people of their dignity and freedoms. Oppressive regimes impose their will while sanctioning illicit activities that destroy opportunities for equitable economic growth and human well-being. These challenges hinder prospects for the millions of people in the ANE region living in abject poverty and, in many cases, terror.

The USAID missions in the ANE region carry out foreign assistance programs that meet these challenges while supporting key U.S. foreign policy interests. The wars in Iraq and Afghanistan have created challenging and dangerous working environments. On-going hostilities and random terrorist attacks extract a price, in terms of both dollars and personnel. Through perseverance, our professionals in the field are meeting this challenge and accomplishing those things asked of them by the President and the Congress.

HIV/AIDS is a plague that destroys communities and bankrupts social systems. In Asia and the Near East, eight million people are HIV positive, and each year hundreds of thousands die from HIV/AIDS-related illnesses. This could increase substantially if the epidemic is allowed to spread from high-risk groups to the general population in countries like India, China, Indonesia and Thailand.

Millions of girls and women in the ANE region are not allowed to pursue an education. The ANE bureau believes that education for all, regardless of gender or religion, is a key element to achieving the democracy and economic prosperity, goals that contribute to stability.

Rapid industrialization, unsustainable energy policies and growing populations are straining the region's natural resources and environmental systems. Urban air pollution levels in Asia are among the highest in the world. The consumption and destruction of natural resources is occurring at an unsustainable rate that does not allow for replenishment.

The programs USAID will implement to meet these challenges are closely linked to the joint State-USAID Strategic Plan, which aligns US diplomacy efforts with development assistance. Throughout the region, USAID strives to "create a more secure, democratic, and prosperous world for the benefit of the American people and the international community."

Program and Management Challenges

Security is the single gravest and most costly concern to the Asia, Near East Bureau, and yet it is the most difficult to predict. USAID is grappling with how to plan and budget for unknown threats to adequately protect the professionals charged with carrying out U.S. assistance programs.

Iraq and Afghanistan top the list of countries with serious security concerns, but they are not alone. Jordan, Indonesia, Pakistan, Lebanon, Israel, and the Philippines, to name a few, also have security concerns. Virtually every country in the ANE region bears the burden of increased risk and the attendant security procedures and costs that accompany those risks. Meeting these challenges and protecting our most important asset, the people who design and manage these important programs, requires adequate resources.

In terms of program challenges, Iraq and Afghanistan will remain USAID's highest priorities in the ANE region. Rebuilding these countries will improve world stability. In Iraq, USAID efforts will allow a freed Iraqi people to govern their own country in an atmosphere of democratic freedom. USAID will require additional program and operating resources to continue the reconstruction and stabilization work in Iraq beyond 2005.

In Afghanistan, ANE has made great strides with completion of the Kabul – Kandahar road and new constitution. The Afghan people are now looking forward to free and open elections in the near future. ANE will continue to rebuild infrastructure while improving educational and economic opportunities that will allow democracy to flourish in these countries that have not enjoyed basic human rights for decades.

Education is a high priority in ANE. It is recognized that education is a key factor to stability, democracy and economic prosperity. New or expanded initiatives are being implemented in some countries, but more could be done to address radical and anti-American teachings being provided in some alternative religious schools.

Several countries in the ANE region are battling economically devastating epidemics of HIV/AIDS. In some countries the prevalence rate is beginning to slow or even turn around because of the interventions being taken. Unfortunately, the epidemic continues to grow in some of the more densely populated countries. For example, India, with a prevalence of just less than one percent, has the second largest number of HIV positive people in the world. In Indonesia and Nepal, the epidemic is showing signs of moving into the general population and will require intensive efforts to

slow or stem its spread. Additional HIV/AIDS resources will be needed in those countries to combat the epidemic as it spreads to the general population.

Near East

Iraq

USAID participated in Operation Iraqi Freedom by moving into Iraq on the heels of combat troops. In nine months, USAID has achieved amazing successes in Iraq, in spite of gunfire and direct rocket attacks. The need for an immediate response to the reconstruction and humanitarian needs in Iraq this year required a shift of financial and human resources. USAID diverted resources from other missions in the region so that people, finances and contractors were ready to act as soon as they were allowed into Iraq.

Through close coordination with the Coalition Provisional Authority (CPA) and other USG entities, USAID is playing a key role rebuilding Iraq's infrastructure, aiding in the establishment of local and national governance systems, rebuilding the education and health systems and helping revitalize the national economy. A long-term effort will be required to rebuild Iraq and establish a democracy with a free, market-oriented economy in which the Iraqi people have a voice and choice in their future. A substantial financial commitment will also be necessary to ensure the safety of our professionals working in such difficult circumstances.

As the term of the CPA lapses, USAID will continue to work closely with State and other USG agencies to ensure that our on-going development efforts are properly aligned and complimentary to political initiatives. We will continue the relief and reconstruction work that will allow the Iraqi people to rebuild their lives as we help them rebuild their country.

Egypt

Egypt and the United States share strategic interests that include the achievement of freedom, stability and peace in the region. USAID's programs in Egypt support this goal by helping promote prosperity in Egypt and facilitating the country's ongoing, but incomplete, transition from an economy controlled by the state to a free-market oriented one. The greatest threat to domestic stability in Egypt is frustration over the persistent lack of economic opportunity. With high rates of unemployment and underemployment, about one-third of Egypt's 69 million people now live below the poverty line. Without ready access to peaceful ways to express their aspirations and concerns, Egyptians may turn to ways that threaten stability.

To help Egypt meet these challenges in 2005, USAID programs will place special emphasis on three programs. First, the education program will continue to expand the benefits of community-based education reform to Upper Egypt and poorer parts of Cairo. Second, the governance program will continue to expand strengthening the role of nongovernmental organizations, increasing transparency and participation in government, and improving the quality of journalism and the administration of justice. Third, business investment - necessary for job creation - will be promoted through financial market strengthening and reform, customs reform, and increased support for small business development.

ANE recognizes the need to address issues in other Arab countries to head off growing radicalism and anti-Americanism. Assistance programs in Morocco and Jordan have been restructured to better respond to USG priorities and joint State-USAID strategies, with emphasis on education, democracy, governance and economic growth.

West Bank and Gaza

This past year held moments of anticipation and despair for the Palestinian people. The establishment of the Palestinian Prime Minister, implementation of significant financial management reforms by the Palestinian Authority (PA), and agreement by the Israelis and the Palestinians to President Bush's Road Map for Peace produced moments of great anticipation for the Palestinian people. For a time, both sides undertook limited actions consistent with the Road Map: Israel removed several illegal outposts and withdrew from Northern Gaza; and the PA took measures to exert greater security control over areas of the West Bank and Gaza (WBG), including negotiating a temporary ceasefire, with Palestinian militants. The breakdown of the ceasefire, a resumption of suicide bombings, the collapse of Prime Minister Abbas' government, and the stagnation of PA reforms, however, dashed those hopes.

Now, USAID faces competing demands on its resources. First are the immediate needs of the population, which are enormous. The fact that a humanitarian catastrophe has been averted in the West Bank and Gaza is due only to the large amounts of donor emergency assistance that has been provided. In spite of the valuable infrastructure projects planned, USAID has had to reallocate more than \$200 million to emergency response programs. Through these programs, USAID addresses the basic needs of the Palestinian population through activities that improve and sustain performance in the health care system, create jobs and long term employment on an emergency basis, and provide assistance to rebuild damaged infrastructure and roads.

USAID funds also support political and economic policy reforms, in line with the President's call for reform of the Palestinian Authority, including the strengthening of key PA ministries and regulatory agencies, the legislature and the judiciary, and support for Palestinian NGOs that promote democratic values and moderation. USAID activities work to revitalize the private sector, including repair of damaged small and medium businesses, work with small and medium enterprises on improved management processes, financial restructuring, and the development of appropriate private sector and investment laws and regulations.

Jordan

Jordan faces several critical long-term challenges. Prominent among these is Jordan's high population growth rate that will cause the population to double by 2027. This challenge is compounded by high levels of poverty and unemployment; between 15% and 30% of Jordanians live on less than \$439 per year. Further complicating the situation is a traditionally low level of participation in civil society, which leads to a perceived lack of personal freedom.

To address these challenges, USAID promotes Jordanian-led development. USAID's programs in Jordan are jointly designed and implemented with the Government of Jordan and thereby promote a

stable, reform-driven Jordan. In so doing, the program not only strengthens a strong strategic ally in the Middle East but also serves as a model to less reform-oriented Middle Eastern nations.

Lebanon

In Lebanon, USAID, working primarily through organizations outside the Government, address the economic, political and environmental challenges that country is facing. USAID's program concentrates on improving living standards by revitalizing and expanding economic opportunities for small entrepreneurs and disadvantaged, mine-affected people, encouraging trade and investment with WTO accession, strengthening American educational institutions, and building the capacities of indigenous groups. USAID programs also aim to improve environmental policies and practices by developing appropriate waste management practices, creating environmental awareness, and promoting water sector restructuring and efficient water management. In addition, USAID-funded activities encourage good governance and transparent practices by strengthening municipalities throughout Lebanon.

Morocco

Morocco is a middle-income country with the human and social development levels of a low-income country. Approximately 48% of adults are illiterate, placing Morocco 20th among the 22 Arab League countries (surpassed only by Mauritania and Yemen) in literacy rates. Women are particularly affected, with a female illiteracy rate of 62%, and higher in rural areas.

The U.S. Government's highest economic priority in Morocco is the negotiation, conclusion, and implementation of the U.S.-Morocco Free Trade Agreement (FTA). The FTA, which is in the final stages of negotiation, will accelerate the major economic reforms and restructuring that will attract investment, open global markets, and create jobs. USAID is providing support to the government of Morocco to enable it to maximize the positive effects of the FTA and help mitigate negative impacts such as increased rural unemployment. Over the next year, USAID will put in place new activities to create jobs, provide workforce training and assist the Government of Morocco to decentralize and better meet the needs of its people.

Yemen

USAID opened a new mission in Yemen during this past year. Our program there will address U.S. foreign policy objectives and, specifically, the war on terrorism. USAID will assist the Yemeni Government in improving their health and education systems while encouraging improved governance and participation.

South Asia

Trafficking

Rapid social and economic changes occurring in this region fuel mobile migrant populations and growth of the sex and drug trades. Trafficking is one of today's greatest human tragedies. The U.S. Government estimates that up to a million women and children are trafficked annually. Some victims are tricked into leaving their homes with the promise of a better life and a well-paid job.

Some are kidnapped and still others are sold by desperate family members faced with inescapable poverty. USAID is working closely with the State Department in multiple countries in South Asia to implement programs to combat this evil.

Afghanistan

The reconstruction and development of Afghanistan continues at an accelerated pace, in spite of the continuing dangers there. The most striking success was completion of the first layer of pavement on 390 kilometers of the Kabul-Kandahar highway, which links Afghanistan's two largest cities. This achievement reduces transportation costs, improves economic growth prospects, and expands access to services for one-third of the country's population. Work in the transportation sector is now expanding to the Kandahar-Herat portion of this same highway and rehabilitation of over 1,000 kilometers of secondary roads.

In health and education, USAID is building clinics, supporting NGOs across the country, building schools, training teachers and providing textbooks. Agriculture is the livelihood for approximately three-quarters of Afghans, and USAID is working to improve productivity and market access as well as helping Afghans to expand into new crops. Building on a successful currency exchange program, USAID continues to assist the Central Bank and Ministry of Finance to strengthen the central government's economic management and budgeting. USAID also played a key role in December's Constitutional Loya Jirga coordinating logistics and providing technical assistance. Critical preparation is now underway for elections in the summer of 2004.

Pakistan

Pakistan is a key ally in the Global War on Terror and USAID-funded programs are working to strengthen the fundamental social and economic weaknesses there. One of USAID's foremost programs seeks to improve primary education. Improved and more accessible education will build the economy, counter extremism, and promote moderation among the population. USAID is also assisting the most vulnerable segments of society, including women, infants, and children, by providing access to health, including reproductive health services.

USAID's democracy and governance program in Pakistan is working with civil society organizations, political institutions and the media to promote and strengthen democratic principles of good governance. An empowered civil society will create more effective, responsive local and national governance, making legislative institutions more accountable to constituents. Finally, a fourth and critical sector is economic growth. USAID is working to reduce poverty and increase income and employment for the poor, especially women and young adults. The program is assisting micro-entrepreneurs to start and expand businesses by providing a source of credit in some of the poorest, most isolated regions of the country.

India

India, the world's largest democracy, home to over one billion people (roughly one-sixth of the world's population) is a key partner with the United States in the war on terror and an anchor for security and economic growth in South Asia. Both nations want to dramatically transform their

relationship. The Indian government is intensifying its economic and social policy reforms to decrease poverty and increase social equity and is committed to cutting the poverty rate in half by the year 2020.

USAID programs in India will continue to advance four U.S. national interests: (1) economic prosperity achieved through opening markets; (2) global issues of population growth, infectious diseases, and climate change; (3) development and democracy concerns of alleviating poverty, reducing malnutrition, and improving the status of women; and (4) humanitarian response by saving lives and reducing suffering associated with disasters.

In addition to the bilateral program, ANE's South Asia Regional Initiative/Energy (SARI/Energy) program encourages regional cooperation in energy development and the eventual trade in clean energy resources among South Asian countries. The United States-Asia Environmental Partnership promotes the adoption of clean and efficient technologies in addition to policies and practices that support the positive relationship between economic growth and environmental protection in India.

Sri Lanka

In Sri Lanka, USAID moved from a program closeout scenario in 2001 to the design and implementation of an ambitious program that supports a negotiated settlement to the 20-year conflict in that country. U.S.-funded activities provide transition and humanitarian assistance to those areas affected by the conflict while working to improve democratic institutions and processes. Through these programs, the respect for human rights is promoted and economic growth and stability through market-oriented interventions are being supported. USAID is also working with other donors to monitor the upcoming April 2004 parliamentary elections to ensure that they are free and fair.

Nepal

The Maoist insurgency in Nepal has been costly in human terms and has severely disrupted that country's already fragile economy. The problems have been exacerbated by the political impasse between the monarchy and the political parties. By supporting interventions that address underlying causes of popular dissatisfaction (poverty, inequality, and poor governance) which contribute to the insurgency, the U.S. is making an important contribution to fighting terrorism, promoting regional stability, and diminishing the likelihood of a humanitarian crisis. The USAID program is aimed at reducing the impact of the insurgency on individuals and their communities, increasing household food security, reducing fertility and protecting the health of Nepalese families, addressing the country's energy needs, and assisting the Government of Nepal in dealing with critical problems of poor governance, weak rule of law and inconsistent democratic practices.

Bangladesh

Bangladesh has progressed significantly during the past decade achieving self-sufficiency in rice production, lowering infant and child mortality rates, virtually eradicating polio, increasing girls' enrollment in schools, and consistently increasing annual GDP. USAID's program of assistance in Bangladesh is particularly attuned to the priorities expressed in the joint USAID-State Department Strategic Plan 2004-09. In particular, the program in Bangladesh supports the joint objective of promoting democracy and economic freedom in the Muslim world, reducing the threat of famine,

and advancing sustainable development goals. U.S. strategic interests include improving health, education, economic development, and the environment for the Bangladeshi population, and minimizing the costs of natural disasters.

East Asia

Regional Development Mission for Asia

USAID's Regional Development Mission/Asia (RDM/A) opened in Bangkok, Thailand in June 2003. The new mission manages regional and country-specific programs in Burma, China, Laos, Thailand, and Vietnam, as well as HIV/AIDS and environmental programs that extend East into the Pacific and West into South Asia. RDM/A also acts as the regional hub for services including contracting, administration, and disaster response. RDM/A will manage four programs: Cleaner Cities and Industries in Asia, Effective Responses to HIV/AIDS and Other Infectious Diseases, Improved Governance in South East Asia, and Special Foreign Policy Interests Addressed in South East Asia.

HIV/AIDS

HIV/AIDS continues to increase in Asia where, in several countries, the epidemic has moved from high-risk groups into the general population. This could put 3.8 billion people at risk throughout the region. Approximately 8 million people in Asia are infected, including one million who became infected with HIV just during the last year.

Low national prevalence rates in some highly populated countries conceal serious localized epidemics. In China and India alone, there are more than 5 million people, adults and children, who are infected. Unless HIV/AIDS prevention efforts improve, Asia could have 40 million infected persons by the year 2010. This would make the region the highest of any infected region in the world. The HIV/AIDS epidemic in Asia could be contained in Asia if adequate resources and prevention mechanisms are focused on the region.

USAID programs are supporting HIV/AIDS prevention, care and treatment in 15 Asian countries, where some notable successes have been achieved. For example, with USAID support and Government of Cambodia commitment, HIV/AIDS in that country has decreased from 4% of the adult population to 2.8%. However, the current flat-lined budget for HIV/AIDS activities will limit the level of effort USAID will be able to provide.

With continued funding for prevention, care and treatment, strategic planning, and support for high-level government policy support, the HIV/AIDS epidemic in the ANE region could be contained, thereby mitigating the impact of this dreadful disease on individuals, families and communities.

The Philippines

The Muslim population of Mindanao has been marginalized economically for decades and now lacks access to basic social services. The long neglect and inequities for people in these areas have contributed to deep seated feelings of resentment and alienation from the nation as a whole.

USAID has refocused its program to provide more funding to this fragile area to encourage economic development within the conflict-affected areas. Local organizations that support peace will receive support, as will programs for indigenous peoples affected by conflict. Microfinance initiatives play a key role in supporting small-scale projects serving the needs of impoverished women. Rural agriculture will remain a major focus, in tandem with specific interventions designed to reintegrate former combatants into productive social and economic roles. USAID is designing programs to improve the Autonomous Region for Muslim Mindanao's (ARMM) capacity to deliver basic services (especially in health and education sectors). USAID will continue to enhance access to justice by supporting programs that build the capacity of local level community justice systems.

USAID's new education initiative in the Philippines will address the disparities in education between the ARMM and the rest of the country. This will demonstrate a commitment to greater equality and help reduce the widespread sense of alienation and exclusion felt by many Muslims in the region.

Through these activities, more than 21,000 former combatants of the Moro National Liberation Front (MNLF) have successfully reintegrated into the peaceful economy and have not taken up arms again. Over 1,000 homes of former rebels have been electrified, and economic opportunities in Mindanao as a whole have expanded through producer organizations and high value crops. The rebel Moro Islamic Liberation Front (MILF) is now poised to seek a historic peace agreement with the government, and, according to President Macapagal-Arroyo, this is due in no small measure to the attractiveness of USG assistance directly benefiting the MNLF. USG assistance will not go to the MIFL areas until after the MILF has signed an agreement with the Government and cut all ties to terrorist groups. USAID's efforts to reintegrate former combatants have been so successful that the State Department distributed a video presentation of the program to be used as a model for U.S. relations with Islamic communities worldwide.

Indonesia

USAID's 2000-2004 assistance program to Indonesia was designed to support a transition from 1998-era crisis response initiatives to strategic interventions that establish the foundation for economic, social and political reforms. These goals have largely been accomplished. With the planned level of FY 2004 funding, USAID will be the lead donor supporting transparent, inclusive and peaceful legislative and the first-ever, direct presidential elections in Indonesia.

The next step will be to provide assistance that will make it a more moderate, stable and productive country. USAID is embarking on a new strategic direction that will address these needs. The new strategy, which the Mission is currently developing and will carry them through the next five years, will be presented to ANE in March for discussion and approval. This strategy will focus on programs that will improve the quality of decentralized basic education, improve democratic and decentralized governance, elevate the quality of basic human services, maintain healthy ecosystems, and increase economic growth and job creation through assistance.

The education program, which will be initiated in FY 2004, is a new one based on President Bush's announcement of an Indonesian education initiative. Program activities will prepare the children of

Indonesia to become productive members of the world economy. USAID programs will also prepare Indonesians to be effective participants in their own democratic society, while reducing extremism and intolerance in favor of democracy, respect for diversity, and resolution of societal and political differences through non-violent means.

Cambodia

Although the Kingdom of Cambodia continues with democratic governance issues, it has made progress. The July 2003 national assembly elections, partially funded by USAID, helped to create the most open political environment that country has seen in the past decade. The prime U.S. national interest in Cambodia is to reduce Cambodia's vulnerability to international terrorism and international crime (such as trafficking in persons and narcotics) through building the country's potential to become a democratic state with an effective legal and judicial system.

While not working directly with the Cambodian government, USAID's democracy and governance program seeks out and funds NGOs that challenge the political and judicial system to treat Cambodian citizens equitably. The Agency's support will continue to sustain the development of professional party organizations, expand participation of youth in politics, and provide all democratic parties a presence on Cambodian airwaves. USAID's health program will continue to increase the number of health centers that can deliver an integrated health package, ensuring links between HIV/AIDS and all other health programs. These health centers will provide services for maternal and child health, reproductive health, family planning, tuberculosis, HIV prevention, care and support, and community outreach. USAID's health programs will also focus on support for orphans and vulnerable children and prevention of mother-to-child transmission of HIV.

Mongolia

Mongolia has made significant progress over the past twelve years in establishing the basic framework for a democratic society. An impressive constitution is in place, along with laws and regulations that provide the foundation for even further progress in the years ahead. One of the tests of democracy is the ability to change governments through regular, free and fair elections and Mongolia has passed this test with nine major elections over the past decade, three each at the local, parliamentary and presidential level. Governments have been elected to power and then peacefully relinquished that power following the outcome of subsequent elections.

The upcoming parliamentary elections, scheduled for June 2004, will provide another important test of the democracy taking root in Mongolia. This is in marked contrast to its five Central Asian neighbors, each of which is still ruled by the same leader who inherited power following the break-up of the Soviet Union.

Mongolia's continued progress is by no means guaranteed and difficulties will almost certainly be encountered in the days ahead. As economic prospects improve, competition over the country's productive resources is likely to increase. The stakes will become higher and the issues more complex. USAID's programs in Mongolia are structured to build on these initial successes by focusing on legal reform and political processes.

Vietnam

Recent Ministry of Health reports indicate that between 4 and 6 million Vietnamese (6-8% of the population) suffer from disabilities. One out of every three Vietnamese children is born with or acquires an ambulatory, mental, sensory, or intellectual disability. In all, there are roughly one million children with disabilities in Vietnam.

Recognizing this compelling need, USAID and the international donor community have sought to mobilize the Government of Vietnam to respond to this need. USAID's efforts to build the capacity of the government to address this situation have achieved great successes through the Leahy War Victims Fund (LWVF) and the Displaced Children and Orphans Fund (DCOF). These two funds support a number of projects implemented by NGOs to provide prosthetics and orthotics, promote rehabilitation, improve advocacy and policies for the disabled, and develop inclusive education models for children with disabilities to be included in the regularized school system.

USAID programs also include an active HIV/AIDS program in Vietnam to contain the epidemic in that country. Prevalence rates are less than 1% but without continued interventions, the epidemic threatens to enter the general population.

East Timor

USAID will open an office in East Timor in 2004. This nation, which is only 21 months old, faces enormous challenges to its democratic and economic development. USAID is providing critical assistance that will help build a viable economy and strong democratic base for the fledgling nation. USAID's programs will work to develop the local economy while establishing an environment attractive for trade and foreign investments that will create jobs and reduce poverty. USAID also funds training in basic business and management skills to encourage small business development. The establishment of small retail purchasing cooperatives has helped to speed the local economic recovery in rural areas.

Experience in democratic governance, public administration and economic development are extremely limited among the East Timorese. USAID's democracy programs are working to strengthen governance and improve citizens' access to justice. Continued U.S. support will be essential to help government, media and civil society fill their appropriate roles in a free and open democracy.

Burma

Burma is ruled by a highly authoritarian military government. The Government reinforced its firm military rule with a pervasive security apparatus. Though resource-rich, the country is extremely poor. Four decades of military rule, economic mismanagement, and endemic corruption have resulted in widespread poverty, poor health care, declining education levels, poor infrastructure, and continuously deteriorating economic conditions.

USAID co-manages the Burma assistance program with the Department of State. These activities support democracy in Burma as well as pro-democracy groups outside Burma. They also meet the

needs of Burmese residing in Thailand by providing access to humanitarian assistance, primary health care and basic education. Democracy activities include training of Burmese journalists and public information workers to improve the quality and dissemination of news and information on conditions inside Burma. USAID also funds scholarships for Burmese refugees to study at colleges and universities in Asia, Europe, Canada, Australia, and the U.S.

Laos

Laos is one of the poorest and least developed countries in East Asia. Although it is also one of the few remaining Communist states in the world, reforms underway in neighboring countries and continued availability of Thai broadcasting may create greater incentives for the regime to undertake necessary reforms.

USAID programs in Laos will continue to combat the spread of HIV/AIDS. Because Laos is surrounded by countries such as China, Thailand, and Vietnam, which have significant numbers of HIV infections, and given the level of international migration, it is very likely that the epidemic will continue to spread in Laos. USAID activities will fund necessary interventions to control the spread of HIV. Other programs in Laos include USAID's War Victims Assistance Project to reduce the impact of unexploded ordinance (UXO) in northern and central Laos. In addition, USAID's child survival and maternal health activities the Vulnerable Groups Inclusive Education Program strengthens inclusive education in Laos at both the policy and classroom levels to ensure that all children with disabilities in Laos are able to attend and achieve in school.

China/Tibet

USAID coordinates very closely with the State Department on all of our activities in China. The programs there have two objectives. The first is to improve China's legal infrastructure so that it is more compatible with a market economy and better protects its citizens' rights. The second program assists Tibetan communities in preserving their cultural traditions, promoting sustainable development, and conserving the environment. The first objective is being met by introducing key members of the Chinese legal and judicial system to constitutional principles that support the rule of law, transparency and justice.

The second objective is being achieved through activities that directly assist Tibetan communities in China. This program is implemented through NGOs headquartered outside China that provide Tibetan communities with access to the financial, technical, marketing, environmental, and educational resources they need to sustain their traditional livelihoods, unique culture and environment, and to avoid economic marginalization as China develops its western regions.

Conclusion

The foregoing summary briefly explains some of USAID's programs, achievements and challenges in the Asia, Near East region. While much has been accomplished, much work remains to combat terrorism, promote stability, advance democracy and human rights and halt the advance of HIV/AIDS. USAID thanks this committee for their support of USAID's mission. We are confident that with continued support, we can address the challenges ahead. Thank you.