



## USAID'S STRATEGIC APPROACH TO ADVANCING AMERICA'S VISION FOR A FREE AND OPEN INDO-PACIFIC

*June 2019*

**Goal:** In November 2017 in Vietnam, President Donald Trump laid out America's vision for a **free, open, and secure Indo-Pacific region in which all nations are independent, strong, and prosperous**. The U.S. Government (USG) has defined the region as spanning from the west coast of the U.S. to the west coast of India, thereby encompassing East Asia and the Pacific and South Asia. The U.S. Government approach to advancing this vision consists of three pillars:

- **Governance Pillar:** A free Indo-Pacific means **nation states free from coercion**—through strengthened regional architecture, protected sovereignty, and peaceful dispute resolution in accordance with international law—and that uphold fundamental human rights and democratic values essential to engendering **free people**.
- **Economic Pillar:** An open Indo-Pacific means **open trade and investment**—marked by free, fair, and reciprocal trade and open, market-based investment environments—and **open connectivity**—including open sea lanes, airways, and cyberspace—to drive regional integration and economic growth.
- **Security Pillar:** A secure Indo-Pacific means a flexible, resilient network of **security partners** that promote regional stability, advance maritime security, ensure freedom of navigation and overflight, and address shared threats such as transnational crime and terrorism.

### USAID's Strategic Approach

USAID is advancing the vision by supporting bilateral and regional efforts focused on three objectives: strengthen democratic systems, foster economic growth, and improve the management of natural resources.

### Objective 1: Strengthen Democratic Systems

**Challenge:** Over the last few years, democratic institutions across Asia have been significantly tested. In some places, malign influences have overtly and covertly intervened, exploiting institutional weaknesses, and spawning corruption, consequently undermining democratic institutions and the long-term stability of our partner countries.

**Response:** Under the Governance Pillar and in support of the Indo-Pacific **Transparency Initiative**, USAID will implement programs to assist partner countries in the following areas: (a) promoting the integrity of electoral processes; (b) supporting the independence of media and information integrity; (c) protecting human rights, including civil and political rights; (d) fostering accountability and transparency, including fighting corruption; (e) strengthening the rule of law; and (f) strengthening civil society.

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## Objective 2: Foster Economic Growth

**Challenge:** Despite Asia's growing wealth, a number of challenges constrain partner countries' growth and create opportunities for predatory tactics that create economic and political dependency. These are: weak regulatory environments, constrained fiscal space, lack of infrastructure, and corruption. These challenges also hinder free and fair competition by U.S. companies, thus impeding U.S. private sector investment in the world's fastest growing markets.

**Response:** USAID economic governance programs will focus on:

- Leveling the Playing Field for Trade: USAID's assistance will support programs that promote legal, regulatory, and policy reforms. Specifically, USAID will develop the capacity of partner governments to: (a) enforce contractual agreements under international trade arrangements; (b) meet internationally-accepted standards for intellectual property, labor, and sanitary and phytosanitary measures, and address technical barriers to trade; and (c) promote trade facilitation by easing border controls and compliance requirements.
- Improving Competitiveness: USAID's assistance will support bilateral programs that: (a) reduce barriers to entry and to market access by legitimate investors; (b) lower the cost of doing business by streamlining procedures and cutting red tape for obtaining permits and licenses, easing labor market restrictions, and strengthening contract enforcement; and (c) promote greater competition by reforming procurement rules to allow legitimate players to participate, strengthening antitrust and competition requirements, promoting standards conformance following international best practices, and strengthening intellectual property rights enforcement.
- Creating an Enabling Environment for Infrastructure Development: USAID's assistance will support partner countries' infrastructure development, as well as level the playing field for American companies to compete in the infrastructure sector in the Indo-Pacific. Through technical assistance and training, USAID will launch programs, including those under the **Infrastructure Transaction and Assistance Network (ITAN) Initiative**, that help countries to: (a) foster open and transparent procurement processes; (b) build capacity of countries to conduct feasibility studies and bid documents; (c) prioritize public-private partnerships in infrastructure development to reduce dependence on predatory credit financing arrangements; (d) allocate government resources on infrastructure projects with the highest returns in order to optimize use of fiscal resources; (e) implement robust environmental and social safeguards with respect to infrastructure investments; and (f) implement activities to support domestic resource mobilization, such as tax administration and public financial management. Through ITAN's Technical Assistance Facility (TAF), partner countries will have access to legal and technical assistance needed to analyze the feasibility of infrastructure loan packages.
- Strengthening Digital Economy and Connectivity: USAID will launch digital programs, including those under the **Digital Connectivity and Cybersecurity Partnership (DCCP) Initiative**, that will assist partner countries to: 1) advance a rules-based policy framework for ICT policy development, 2) enhance capacity to implement and regulate digital economy standards, consistent with international best practices, 3) work across sectors to partner with the private sector on innovative digital approaches to address common development

challenges, such as social media-driven misinformation, e-government, e-health modules, and “fourth industrial revolution” skills-upscaling that targets youth across Asia.

### **Objective 3: Improve the Management of Natural Resources**

**Challenge:** Irresponsible infrastructure development projects erode the natural resources upon which many of our partner countries depend for their long-term growth. These resources include energy, water, land, and clean air. Reckless extraction of natural resources ignores environmental safeguards, fosters corruption, threatens the livelihood of vulnerable populations, and undermines long-term economic growth prospects.

**Response:** USAID will support programs that focus on: (a) strengthening legal frameworks for natural resource management and ensuring enforcement of environmental safeguards; (b) fostering private sector engagement on sustainable supply chains, energy sector transformation, and safeguards; (c) promoting the adoption of international environmental standards; and (d) supporting water and energy security, as well as legal and sustainable forestry and fishing.

- Accelerating Energy Sector Transformation: To implement the **Asia Enhancing Development and Growth through Energy (EDGE)**, USAID’s assistance will support programs that: (a) scale up USAID’s work to develop integrated, smart, secure, profitable, and stable energy sectors in the Indo-Pacific region; (b) promote utility modernization through digitization and performance enhancement; (c) foster regional energy connectivity; (d) attract increased levels of private sector investment (and create associated investment enabling environments to help facilitate and sustain those investments); and (e) accelerate the adoption of regional and bilateral competitive energy markets that will increase Asian households’ and businesses’ access to power.
- Advancing Environmental and Social Safeguards Standards: USAID will assist partner countries to formulate and implement environmental safeguards, which will help protect valuable natural resources, support economic growth, and improve governance. At the same time, transparent government policies, regulations, and transactions that foster adherence to internationally-accepted standards will make it difficult for irresponsible infrastructure projects and resource extraction arrangements to flourish.
- Combating Transnational Environmental Crime by Improving the Management of Natural Resources: The Indo-Pacific region is rich in forests, fisheries, and other natural resources. USAID will support activities to combat wildlife poaching and trafficking, illegal and unreported fishing, and illegal logging. Besides contributing to the Economic Pillar, USAID’s efforts to improve the management of natural resources also contribute to U.S. security by combating transnational environmental crime.