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Subcommittee on Europe, Eurasia, and Emerging Threats
“Examining the President’s FY 2018 Budget Proposal for Europe and Eurasia”
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Chairman Rohrabacher, Ranking Member Meeks, and Distinguished Members of the Subcommittee:

Thank you for inviting me to testify on the vital role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy priorities in Central Asia. It is an honor to testify once again before this committee.

Development plays an indispensable role, alongside diplomacy and defense, in advancing U.S. national security and economic interests. With less than 1 percent of the FY 2018 discretionary budget request, USAID’s work supports dramatic progress in cutting poverty and averting crises worldwide. Our efforts bolster self-reliance in developing countries, which helps them build a sustainable path of progress that benefits us all by building stronger trade and security partners.

When it comes to Central Asia, a region of the world especially vulnerable to instability and economic shocks, development success is vital. A secure, stable, prosperous Central Asia is in the U.S. national interest. Successfully achieving these objectives means the region is a more effective partner in countering the violent extremism that exerts an increasing pull over Central Asians. It means Central Asia is more capable of resisting Russian pressure and countering Russian disinformation—for example, through enhanced trade relationships in the region and beyond, as well as through better access to independent sources of information. It means helping to stabilize neighboring Afghanistan through increased trade and energy linkages, and closer people-to-people ties. And it means Central Asia is more effective at containing its rampant and deadly tuberculosis (TB) epidemic, which undermines global health security and disrupts economic productivity.

Yet tremendous, complex challenges stand in Central Asia’s way. On violent extremism, the Islamic State of Iraq and Syria (ISIS) is recruiting from the region, and Central Asia has now become a major source of foreign terrorist fighters. A February report by the Hague-based International Center for Counter-Terrorism claimed that Tajikistan is the leading source of ISIS suicide bombers. A major driver of migration from the region is lack of domestic income opportunities—a reality that becomes even more urgent when you consider the region’s youth bulge (more than half of the population is under the age of 30). Youth unemployment in Uzbekistan, for example, has remained constant for years at approximately 20 percent. As a result, millions leave Central Asia annually in search of work. According to the World Bank, Central Asia has the two most migration-dependent economies in the world (Kyrgyz Republic

and Tajikistan). The majority of labor migrants land in Russia, where they may fall victim to terrorist recruitment and human traffickers. Research has shown that many of the foreign terrorist fighters from Central Asia fighting in Iraq and Syria were recruited from labor migrants working in Russia and Turkey.

The situation is indeed urgent, and it is in America's interest to remain engaged. With over two decades of experience in the region, USAID plays a leading role in partnering with the countries of Central Asia to ensure the development decisions they make today help realize the region's long-term success—which is critical to our own security and prosperity.

The President's fiscal year (FY) 2018 budget request for Department of State and USAID foreign assistance in the Central Asia region is \$76.06 million. This request directs foreign assistance investments to approaches that have the most impact and are the most cost-effective in advancing U.S. national security objectives, while fostering economic opportunities for the American people and asserting U.S. leadership. In Central Asia, our focus is on immediate security threats, including countering violent extremism, human trafficking, and the spread of drug-resistant TB, but it is also a focus on helping to shape regionally and globally connected economies that can sustain the jobs the region needs at home and create new market opportunities for U.S. businesses. Our leadership in Central Asia is helping to provide balance as well as choices for Central Asian countries to develop the wherewithal to determine their own futures, and not succumb to external pressures.

Next, in order of budget request size (USAID-only), I will provide a brief country-focused overview of the FY 2018 budget request.

Tajikistan

Tajikistan shares a long border with Afghanistan, is the poorest of the five Central Asian countries, and has 60 percent of its population under the age of 30. The budget request for Tajikistan will support our continued focus on increasing stability and strengthening economic resilience to address factors contributing to the rise of violent extremist recruitment in the country. Specifically, funds will focus on improving the agricultural sector, with an emphasis on encouraging small enterprises, to provide employment opportunities and heighten trade within the region. Our investments in this area are benefiting the U.S. private sector, too. High-quality fruit varieties, vegetable seeds, and orchard tree saplings we've introduced in Tajikistan have come from California companies, with the pruning equipment sourced from Massachusetts.

At the same time, we will continue to integrate nutrition interventions at the household, community, and health facility levels in order to address the country's high rates of under- and mal-nutrition. According to the World Bank, one in three Tajik children under 5 years old is either stunted or wasting, which impairs lifelong learning and healthy growth.

Good governance programming will engage civil society and local and regional authorities to improve government provision of services, especially access to clean drinking water, which will make inroads against water-borne diseases that negatively impact children. Assistance will also

support programs to improve education quality, provide greater access to information, spur civic involvement, and increase knowledge of basic democratic principles.

Kyrgyz Republic

Our focus in the Kyrgyz Republic—Central Asia’s only parliamentary democracy—is fostering greater stability and resilience to bolster the country’s continued democratic progress and contribution to regional security and prosperity. The budget request allows us to continue supporting citizen oversight, media independence and diversity, and inculcating the rule of law and respect for human rights.

To assist in job creation, the budget request supports enhancing the competitiveness of small enterprises, including agriculture-based business firms. Our efforts are successfully leveraging local private sector investment. In the agricultural processing sector, for example, U.S. support has enabled local companies to provide up to 10 times USAID’s investment in new equipment and processing lines.

The budget request also supports efforts to further strengthen our mutual security by addressing potential drivers of radicalization to violence. USAID plans to expand its civic engagement efforts to focus specifically on youth in communities susceptible to the influence of violent extremist organizations. The program aims to create opportunities for young people to support themselves while remaining in their communities, and to enable them to better represent and address their concerns in concert with local government and civil society organizations.

Central Asia Regional

Through our regional platform, based in Almaty, Kazakhstan, USAID is working to improve regional economic connectivity, particularly in cross-border energy trade, and to mitigate the drivers of radicalization to violence and terrorist recruitment among vulnerable populations, including labor migrants, impoverished youth, and university students.

Central Asia is among the least economically-integrated regions in the world. U.S. assistance leverages host country and donor support to connect the region to and through Afghanistan as well as to Pakistan and India, seeking to foster and connect markets, trading routes, and economies in an effort to bolster economic growth and independence, as well as mitigate the lure of violent extremism. In recent years, USAID programs facilitated trade deals worth \$210 million for small- and medium-sized businesses through networking events. The budget request will support continued technical assistance, training, and planning support to introduce best practices on increasing regional energy connectivity, generation capacity, and cross-border power trade. The impact of USAID’s support for the regional electricity market is enhanced through close collaboration with the private sector and international financial institutions. Major efforts to strengthen and connect the power grids in Central Asia with Afghanistan and Pakistan are expanding access and alleviating electricity shortages, creating more jobs, and preparing the ground for Tajikistan, Kyrgyz Republic, and Afghanistan to earn critical revenues for energy transit and exports, which in turn reduces dependence on U.S. financial assistance in the future. Our approach is also presenting new market opportunities for American firms in the energy

sector. Our assistance is placing Central Asian countries in a stronger position to attract the latest technology and expertise, areas in which the United States has a competitive advantage.

In cooperation with the International Organization for Migration (IOM), USAID is working to prevent radicalization to violence by preparing labor migrants for what they should expect when they arrive in their country of destination. For example, for migrants seeking employment opportunities in Russia, our program provides information on safe migration practices, information on labor rights, and where they can access legal assistance. USAID has launched a pilot program that works with labor migrants from Tajikistan and Kyrgyz Republic banned from working in Russia—which can be due to something as minor as an “administrative offense”—to lower their susceptibility to ISIS recruitment. A new program will engage scholars, civil society, and governments in countering the vulnerability of at-risk groups, especially madrassah and university students. USAID also leads counter-trafficking information campaigns and provides victims of trafficking with services and vocational skills, so they can find employment in their own country and be less susceptible to recruitment by ISIS.

In the Kyrgyz Republic, Tajikistan, and Uzbekistan, through bilateral funding, we are strengthening the fight against TB, which has grown resistant to the two most effective drugs available today. We are partnering with Janssen Pharmaceuticals, a subsidiary of Johnson & Johnson, to expand the use of bedaquiline, the first new U.S. Food and Drug Administration-approved TB drug on the market in over 40 years that we introduced in the region two years ago. This complements ongoing efforts in all three countries to scale up, in partnership with other donors, the distribution of cutting-edge American technology (produced in California) that reduces the wait time for a diagnosis from two months to less than two hours. In each country, we have tailored our assistance to local strengths and needs. In the Kyrgyz Republic, we are helping to restructure the national TB program to be more effective at treating and stemming the spread of the deadly disease. In Tajikistan, USAID is laying the groundwork for drug safety monitoring by drafting the national plans, clinical protocols, and necessary drug safety requirements. And, in Uzbekistan, USAID TB education programs targeting the general public and the media have helped to dispel misconceptions and stigma toward TB patients.

Uzbekistan

Following the 2016 death of the country’s longtime president, Islam Karimov, Uzbekistan elected a new leader, Shavkat Mirziyoyev, who has launched judicial, anti-corruption, economic, and other substantive reform efforts that put the country at the crossroads of a transformation. For over a decade, Uzbekistan’s deep suspicions of outside influence have hampered U.S. diplomatic and development efforts. However, through our steadfast development assistance, we have built partnerships and now have key government buy-in on these reforms to achieve development breakthroughs long in the making. Our assistance is focused on supporting reforms that promote positive outcomes in trade, good governance, and service provision in order to increase economic opportunity and support responsive government policies.

The United States is helping Uzbekistan shed its state-centered economic model through structural reforms that will help to open up the economy, reduce corruption, and improve the

business climate for U.S. companies to sell goods and services. The budget request also supports programs working to increase private sector competitiveness in the Uzbek horticultural sector. This includes increasing agricultural productivity, quality, and stronger market linkages, including for exports. Since 2015, USAID has been helping Uzbek farmers learn better farming practices from American counterparts in California. This exposure has significantly increased the demand for specialized U.S. equipment and horticultural products. Earlier this year, Uzbek companies purchased \$1.5 million in walnut tree saplings from California nurseries, with plans for additional purchases worth up to \$10 million over the next five years.

U.S. rule of law programs also directly influence Uzbekistan's budding reform efforts through training of Uzbek judicial sector professionals conducted by U.S. and international experts to increase accountability and alignment with Uzbekistan's international obligations. U.S. assistance has also leveraged support from other donors to help facilitate the country's current transition of its civil court system to a state-of-the-art, online "e-Court" system, where citizens can file and access court cases and records. The budget request supports these continued efforts in addition to activities to improve the legal and regulatory framework for non-governmental organizations.

Conclusion

Mr. Chairman: Investing in global development progress remains in the U.S. national interest. In helping build more stable, open, and resilient societies, we build stronger security and economic partners for the United States while reducing the need to put our men and women in uniform in harm's way. With the FY 2018 budget request, USAID will continue achieving these results in the Central Asia region through strong American leadership.

Thank you for the opportunity to appear before you today. I look forward to your counsel and questions.

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