

Statement of the Honorable Brock Bierman
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U.S. Agency for International Development
House Foreign Affairs Subcommittee on Europe, Eurasia, and Emerging Threats
“Europe and Eurasia: Ensuring Resources Match Objectives”
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Chairman Rohrabacher and Ranking Member Meeks, on behalf of the U.S. Agency for International Development (USAID), I would like to thank you for this opportunity to testify today on behalf of the President's Fiscal Year (FY) 2019 budget request for Europe and Eurasia.

Mr. Chairman, the great observer of democracy Alexis de Tocqueville once stated, “It is above all in the present democratic age that the true friends of liberty and human grandeur must remain constantly vigilant and ready...” This observation remains true today, and USAID remains vigilant and ready at this key moment to assist our partners in the Europe and Eurasia region.

Before I go into more detail, I would like to revisit three key points I made at my confirmation hearing. First, I spoke about the challenge of the Kremlin’s malign external influence in the region. Later in my remarks I will speak about our intense focus on this issue and our new framework for Countering Kremlin Influence.

Second, I committed to a focus on youth and to ensuring that we are targeting our resources on the next generation of leaders. This commitment is now coming to fruition in the form of our new European Democracy Youth Network (EDYN). Democracy demands from every generation a commitment not only to public service, but also a willingness to enter into dialogue with those who hold opposing views. The EDYN will build a network of youth civic leaders across the region to unite, share ideas and encourage constructive dialogue.

Third, I committed to strengthening communication with Congress. Over the last several months of my tenure, we have had high levels of engagement with Congress, including conversations with you and your staff. I look forward to continuing and deepening that dialogue.

Mr. Chairman, over the past two and half decades the countries of the Europe and Eurasia region have made enormous strides in overcoming major social, economic and political challenges on their paths toward full Euro-Atlantic integration. Half of our original partner countries no longer receive USAID assistance and joined institutions such as NATO and the European Union (EU). Many are now close allies and key trading partners of the United States. USAID is proud of the role it has played in the profound transformation that has taken place in the region over the last 25 years.

In spite of the progress we are making throughout the region, many of the countries where we work remain vulnerable, and important achievements are now at risk. The Kremlin’s malign foreign policy disrupts and subverts its neighbors’ economies and political systems. For example, farmers in northern Azerbaijan who are dependent on the Samur River report that Russia frequently manipulates and restricts water supplies in an effort to exert economic and political pressure on Azerbaijan and its people. Through

a similar pattern of manipulative border control, at the height of apricot season this July, Russia stalled trucks from Armenia, Azerbaijan and Georgia at the border while the fresh fruit from local farmers rotted alongside the road, effectively wiping out the source of their livelihood.

Thus, while this budget represents a shift towards greater fiscal restraint, USAID is focused on the Administration's key priorities of protecting U.S. national security, fostering opportunities for U.S. businesses, leveraging resources of global stakeholders, embracing the private sector as a key driver of sustainable development, and focusing on providing maximum value to the U.S. taxpayer.

Mr. Chairman, I would like to start by discussing what we refer to as our “frontline” states: Ukraine, Moldova, and Georgia. These are countries where Kremlin interference is at its most intense, and which face the most serious challenges in resisting Moscow’s pressure.

Russia’s use of force to attempt to change borders in Ukraine and its occupation of the Georgian territories of Abkhazia and South Ossetia violates the sovereignty of these countries and interferes with their efforts to move forward on the path toward Euro-Atlantic integration. Russia has also failed to withdraw all of its forces from Moldova, consistent with its 1999 Istanbul OSCE Summit commitments. The FY 2019 request will allow USAID to continue to support reforms to their political systems, strengthen their economies, and enable them to better resist malign Kremlin influence.

The FY 2019 request seeks \$204 million for Ukraine and demonstrates America’s commitment to assist the country on its chosen path toward prosperity, democracy, freedom and integration with the West. Ukraine continues to struggle with numerous challenges, particularly with high levels of corruption as well as the intense political, economic and military pressures resulting from Russian aggression.

Despite these challenges, among the notable successes achieved last year with our support, Ukraine further decentralized its government, bringing increased revenues and authorities into the hands of citizens in 665 newly consolidated communities. USAID programs assisted communities in the consolidation process, advised on the efficient allocation of increased budget revenues, and promoted local economic development. Our assistance has helped bring about an increase in local revenues, which rose by \$1.6 billion in 2017 as compared to the previous year, bringing local government budgets to a total of \$6.9 billion.

In eastern Ukraine we helped local communities improve 16 new, modern administrative services centers in order to more efficiently deliver services and reduce opportunities for corruption. Over one million citizens from both the government and Russia-controlled areas of the Donbas region in eastern Ukraine are now receiving better services as a result of this intervention.

The FY 2019 request will allow USAID to continue to build on these successes and address the divisive impacts of Russian aggression and the consequences of the ongoing armed conflict through activities that build a Ukraine that is more united around democratic reforms, European integration, and common civic values. Focusing on eastern and southern Ukraine, USAID will continue to mitigate the challenges associated with conflict and promote greater consensus and unity among Ukrainians, both in conflict-affected communities and across the country.

Turning to Georgia, USAID supports our foreign policy objectives by sustaining Georgia's progress on democratic consolidation, economic growth, Western integration, and territorial integrity. The FY 2019 request of \$31 million represents a substantial investment in the country's ongoing efforts to: (1) consolidate economic gains; (2) enhance energy security from Kremlin interference; and (3) and strengthen democratic institutions. In recent years, Georgia has made great strides toward Euro-Atlantic integration, holding two free and fair elections, signing an EU Association Agreement, and earning visa-free travel to the EU for its citizens.

The FY 2019 request will permit USAID to continue to support inclusive, sustainable economic growth and energy security. Our investments will focus on areas such as agriculture; small and medium-sized enterprises; developing a more competitive Georgian workforce; and improving the business-enabling environment. U.S. assistance will also target those sectors that will encourage U.S. private sector investments, and those which show the most potential to stimulate the Georgian economy, such as the service industry, light manufacturing, and logistics. Finally, our programming will increase energy security by advancing the production of local renewable energy, and by promoting inter-regional connectivity and trade diversification to reduce reliance on Russian resources.

The President's request will further allow USAID to strengthen Georgia's democracy. It will work to enhance the rule of law; advance Georgia's commitment to the Open Government Partnership; support civil society participation and advocacy for citizen-centered legislation and reforms; and assist independent media in countering Kremlin-sponsored disinformation.

Some of the major successes we had this past year in Georgia include the following:

In the agricultural sector, we made some remarkable achievements. We facilitated the extension of agricultural credit to nearly 80,000 farmers, leveraged \$12 million in private sector investments, and facilitated \$26 million in export sales of agricultural products.

In the judicial sector, USAID made impressive gains, including supporting amendments to laws that improved judicial appointment processes, transparency of the judiciary, and rules governing judicial transfers. As a result of civic advocacy supported by USAID, the new Georgian constitution has better descriptions of the concepts of discrimination and the right to a fair trial.

The President's budget request of \$17 million for Moldova will seek to counter Kremlin influence and disinformation by supporting independent media, and diversifying the economic sector and its energy supply. Assistance is critical for countering disinformation campaigns and increasing public awareness of the benefits of integration with Europe.

Our assistance will bolster the capacity of local public administrators in Moldova and improve the relationships between citizens and their local governments. These efforts will help increase civic engagement at the grassroots level and enhance the effectiveness of local governments. Our assistance will also work to bolster local civil society, especially in rural areas.

USAID will also support the growth and development of targeted industries and the diversification of the economic sector. This diversification will help Moldova reposition its focus to new markets. This support will also encourage Moldovan producers to adopt Western standards and infuse new technologies into the Moldovan economy. Importantly, our economic growth programming will also create stronger import and export opportunities for American businesses by improving the business enabling environment, streamlining procedures and reducing corruption, and as a result, the cost of doing business.

A major indicator of the success of our work in Moldova last year was the percentage of Moldova's exports to the EU reaching an astounding 67 percent. USAID has helped decrease the Kremlin's economic leverage over Moldova, rendering the Kremlin's persistent, politically motivated restrictions much less effective. Moldovan producers are obtaining higher prices for their goods, along with more stable business relationships, which strengthen ties with Europe at a grassroots level.

Turning to the Western Balkans, the region continues to be weighed down by fragile institutions, weak rule of law, endemic corruption, and limited media freedom. In addition, the region faces issues of violent extremism and malign influence, as Russia tries to hinder the region's integration and alignment with the West. Other challenges that have slowed the region's advance towards Euro-Atlantic integration include an unwieldy system of governance in Bosnia and Herzegovina (Bosnia); and entrenched public sector corruption, which is rife throughout the region.

The FY 2019 budget request will support assistance to strengthen democratic institutions, including the judiciary and civil society, and will help the region build on recent momentum toward more effective democratic governance. In just a few days Macedonians will vote in a referendum on a new name for the country, which would clear the way for progress on NATO and EU accession. Over the past year, two Balkan countries, Albania and Kosovo, have held local and parliamentary elections which were broadly accepted as free and fair.

In the energy sector, the President's FY 2019 budget request will facilitate the region's upgrading of its energy infrastructure, diversifying energy sources, and implementing of critical market reforms. These changes will help reduce the Kremlin's ability to interfere in the region and will further open the region to investment opportunities for U.S businesses.

USAID assistance will support legal and regulatory reform and capacity building to ensure transparent, effective rule of law and enforcement. Such initiatives also promote increased economic integration with Europe and help cement the relationship of Balkan countries with the West, thereby limiting Russia's ability to use economic levers to manipulate them.

Next, it is worth noting the hopeful case of Armenia. This spring the country experienced an important democratic breakthrough, as its citizens peacefully gathered to demand political change and an end to corruption. With a new government and Prime Minister that appear committed to reforms and to tackling corruption, we see a range of new opportunities to support this transition – and positive change for the people of Armenia.

An important initiative at USAID has been the new Countering Kremlin Influence Development Framework.

Malign Kremlin interference manifests itself in the political, economic, energy, social and information spheres of countries throughout the Europe and Eurasia region. The Kremlin is waging a campaign to undermine core Euro-Atlantic institutions and to weaken support for democratic and free-market systems among its neighbors. These actions create considerable new challenges to the reform efforts of countries in the region and towards greater integration with the West.

Countering malign Kremlin influence in Europe and Eurasia is a U.S. strategic priority. Countering the Kremlin's malign influence in Europe and Eurasia is critical to the "four pillars" of our national security, as such efforts help to protect the homeland, promote American prosperity, preserve peace through strength and advance American influence.

Our Countering Kremlin Influence Development Framework (CKI Framework) addresses key areas of vulnerability in countries in the region, including in democratic institutions and the rule of law, the information space, energy security, and the economic sphere. Corruption, as an important cross-cutting challenge, is addressed in each sector. This CKI Framework is USAID's response to programming associated with the Countering Russian Influence Fund in the Countering America's Adversaries through Sanctions Act.

USAID further believes that partner countries that build strong democracies and market-oriented economies, will be more resilient to Kremlin attempts to exploit weaknesses in their political and economic institutions.

Importantly, whether the focus is on Countering Kremlin Influence goals or other objectives, USAID is committed to taking every prudent step to extend the reach and effectiveness of taxpayer resources. This includes strengthening domestic resource mobilization programs so the partners can more effectively finance their own development future. It includes taking steps to ensure that our program and procedures are more private enterprise friendly, so that we can better leverage our resources, bring new ideas and partners to our work, and increase opportunities for American businesses.

Mr. Chairman, I would like to conclude by noting that although the countries of this region boast many development achievements and successes, much remains to be done. Many of those successes, while impressive, are partial and subject to reversal. The FY 2019 budget will allow USAID assistance in Europe and Eurasia to continue efforts to strengthen and grow the private sector; diversify energy resources in order to increase energy security; and build and reinforce democratic institutions grounded in the rule of law. With deliberate, sophisticated, and intensified Kremlin efforts undermining progress, the development path forward in the region has become more complex -- and more challenging. As a result, the vigilance and readiness of USAID to continue assistance is more important than ever. In contrast, a democratic and prosperous Europe and Eurasia region, integrated into the global community, will enhance America's security, benefit the U.S. economy, and stabilize this crucially important region.