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“Europe and Eurasia: Ensuring Resources Match Objectives”
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Chairman Rohrabacher, Ranking Member Meeks, and 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 before this committee and a pleasure to be here alongside my USAID and State Department colleagues.

USAID’s development and humanitarian assistance is key to achieving prosperity and stability for our Central Asian partner countries, as well as for the United States. The President’s Fiscal Year (FY) 2019 budget request for USAID-managed assistance in Central Asia is \$48.3 million. This request supports USAID efforts in Uzbekistan, Tajikistan, and the Kyrgyz Republic, as well as for Central Asia Regional programs. Our regional energy and trade programming also supports development in Kazakhstan and Turkmenistan.

Central Asia’s Role in the South Asia Strategy

Central Asia is geostrategically important to the United States, and our alliances with those countries serve as a counterweight to China and Russia. The need for political and socio-economic stability is paramount to our partnerships with the Central Asian republics, which are a growing market for U.S. goods. USAID’s programs are critical to achieving the goals of the Administration’s National Security and South Asia strategies: fostering regional stability, deepening our strategic partnership with India, and supporting the sovereignty and regional connectivity of Central Asian countries, which share economic and humanitarian interests in neighboring Afghanistan.

USAID’s programs aim to foster regional stability and deepen our strategic engagement with Central and South Asia. Our programs help stabilize the region, including Afghanistan, through increased trade and energy linkages and closer people-to-people ties. We are helping prevent transboundary conflict that could destabilize the region and its neighbors by working on often volatile cross-border issues such as water management, energy generation, and trade cooperation. We are also supporting India’s and Kazakhstan’s emergence as pillars of stability in the region, including building their capacity to be a donor in their own right.

Strengthening Democratic Governance

Democratic institutions in Central Asia have been significantly tested in recent years. Adversarial foreign influences, including Russia and China, have exploited weaknesses to undermine democratic institutions and thus, the long-term stability of our partner countries. USAID will focus on strengthening democratic institutions in this region and will use FY 2019 resources to promote improved governance, foster evidence-based policy analysis and advocacy;

implement anti-corruption initiatives; support media independence and information integrity; and amplify the voice of civil society.

In Uzbekistan, FY 2019 resources will support the country's democratic opening, including by bolstering the rule of law through our work with civil courts. By digitizing case management in civil courts nationwide, we have helped cut the average length of court cases in half, reducing a backlog and building confidence in the system for citizens and businesses. Based on a request from the Government of Uzbekistan, USAID initiated a new program in August to reform judicial institutions.

In the Kyrgyz Republic, the FY 2019 request will support USAID's work with civil society to strengthen government-citizen engagement, bolster civic activism, promote government accountability, and enhance the legal enabling environment for civil society organizations. At the sub-national level, we have assisted 16 municipalities to mobilize local resources to improve critical public services such as waste management and clean water. USAID is also working to strengthen the financial sustainability of Kyrgyzstani media outlets. Most are not financially viable and their dependence on wealthy backers leads them to broadcast propaganda produced by foreign interests.

Strengthening Economic Governance

Despite Central Asia's growing wealth, its generally weak regulatory environments, constrained fiscal space, lack of infrastructure, and corruption impede partner countries' growth and create opportunities for foreign predatory tactics that often lead to economic and political dependency. These challenges also hinder free and fair competition by American companies, thus discouraging U.S. private sector investment in the region's fast-growing markets. USAID programs will focus on creating an enabling regulatory environment for competitiveness, trade facilitation, and responsible infrastructure development, including the transformation of the energy sector.

FY 2019 resources will enable USAID to play a central role in helping facilitate energy connectivity in Central Asia. In partnership with the State Department and other donors, we are helping to establish a market-based Central Asia Regional Electricity Market (CAREM) that will enhance regional energy security and economic stability. CAREM complements the Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000), which is designed to export excess hydro power from Tajikistan and the Kyrgyz Republic to Afghanistan and Pakistan and generate transit fees and electricity for Afghanistan estimated to be worth \$50 million annually. CAREM will build regional institutions that ensure fair transactions; have effective dispute resolution processes; and promote a level playing field for technical, environmental, and taxation regulations as well as fair pricing and grid access.

We help to improve the enabling environment for U.S. businesses by helping Central Asian countries comply with rules-based trade. At the seventh annual Central Asia Trade Forum in October 2017, we helped facilitate more than \$26 million in letters of intent to conduct future trade. Next month's 2018 Forum in Uzbekistan is expected to draw even greater interest from Central Asian and U.S. firms. USAID also helped strengthen links between Central Asia and Lithuania and Latvia that resulted in over \$61 million in agribusiness and transport agreements.

Increasing economic ties to the Baltic States, and with each other, will enable Central Asian producers reduce their dependence on Russia, the destination for the majority of Central Asia's agricultural exports.

USAID and Uzbekistan signed four MOUs this year to enhance our trade and energy cooperation and support judicial reform -- a major accomplishment in a formerly closed country. With FY 2019 resources, the United States is helping Uzbekistan open its economy, fight corruption, and improve the business climate for U.S. companies. We are working with USTR to assist Uzbekistan accede to the World Trade Organization, and supporting the country's efforts to diversify its agricultural sector away from low-value commodities toward higher value horticulture. In the past two years, we have helped Uzbek companies purchase John Deere tractors and 600,000 saplings from California nurseries. In FY 2017, USAID held the Horticulture Business Forum in Uzbekistan, which brought together businesses from across the region and beyond to increase regional business connectivity. The Forum resulted in 38 letters of intent to conduct trade valued at over \$40 million signed between companies in Central Asia, mostly from Uzbekistan, and companies in Europe and the Middle East.

In Tajikistan, USAID will employ FY 2019 resources to develop the horticultural value chain to spur markets. Cold storage, which slows the deterioration of fruits and vegetables, helps farmers prolong their post-harvest season and sell their crops at higher prices. USAID is helping Tajikistan learn from Uzbekistan's success in cold storage management -- and strengthening relations between formerly hostile neighbors -- while showing how easing trade restrictions between the two countries could greatly benefit both.

More than half of Central Asia's population is under 30 and unemployment is high. As a result, millions have left Central Asia over the past few years in search of work; indeed, the Kyrgyz Republic and Tajikistan are two of the most remittance-dependent economies in the world. Five to seven million citizens of the Kyrgyz Republic, Tajikistan, and Uzbekistan live and work in Russia. These migrants often face economic hardship, abuse, harassment, and discrimination -- factors that increase vulnerability to extremist recruitment.

USAID will use FY 2019 resources to bring together the five Central Asian states to improve conditions for migrants, including strengthening their resilience and thereby reducing their vulnerability to radicalization to violence. We educate potential migrants and their communities about the risks of radicalization to violence and promote safer migration practices. We are expanding reintegration services and developing employment alternatives that give young people options in their home countries. USAID will continue to adopt new approaches to deter radicalization to violence through a better understanding of violent extremists' online and in-person recruitment practices in Central Asia in order to build the resilience of communities and institutions.

The FY 2019 request will enable USAID to help boost private sector competitiveness in the Kyrgyz Republic in order to reduce reliance on foreign remittances, which account for an amount approximately equal to one-third of the country's GDP. In addition, our economic growth funding has supported significant behavior change in nutrition-sensitive agriculture

activity: breastfeeding rates increased from 29 to 63 percent in just three years and recipients greatly increased the diversity of the foods that they consumed.

The FY 2019 budget request strengthens the Central Asia and U.S. diplomatic and development platform, C5+1, which addresses common challenges faced by the five Central Asian states and underpins efforts to create a more connected region for trade and investment, energy, the environment, and security.

Journey to Self-Reliance

As USAID Administrator Mark Green often says, “We believe that every person, every community, and every country wants to be empowered to lead their own journey to self-reliance. We try to help our friends strengthen policies that experience tells us are necessary for a country to reach self-reliance and, eventually, prosperity.” Across our work, we prioritize building local ownership, engaging private enterprise, and helping partner countries mobilize resources from domestic and international sources to fund their development agenda.

USAID’s FY 2019 budget request supports programs in economic growth and democracy and governance that both propel partner countries along their journey to self-reliance. Countries with regulatory environments that foster transparent and rules-based order and strong democratic institutions tend to attract more legitimate investors and avoid being subjected to the political and economic coercion of predatory forces.

Health

Healthy populations are crucial to achieving household and national economic growth. Investments in effective health systems are critical to averting major health shocks that drain countries’ economies and impede growth. USAID’s FY 2019 budget request will enable us to continue making strides to drive down one of the most infectious diseases -- tuberculosis (TB). Central Asia faces significant TB-related challenges: four of the region’s five countries are among the 30 countries with the highest multi-drug resistant (MDR-TB) burden while the Kyrgyz Republic and Kazakhstan are among the 20 countries with the highest burden of extensively drug-resistant (XDR-TB) cases.

The Kyrgyz Republic continues to experience the highest rate of new drug-resistant TB cases worldwide. New treatments introduced by USAID in 2017 halved the treatment time and recently cured the first XDR-TB patients to begin the new regimen. The Kyrgyz government was so impressed with our initial results that it expanded the use of these new treatments to the entire country this year. We also developed a database to improve budget management for TB hospitals, which the Ministry of Health expanded to every hospital in the country. Lastly, we replaced outdated textbooks with the first textbook specifically relevant to TB in the Kyrgyz Republic and in Central Asia that incorporates international best practices.

In Tajikistan, USAID is expanding the use of bedaquiline, the first new FDA-approved TB drug in over 40 years and is partnering with the government to pilot shorter, lower-cost MDR-TB treatments, which take about 10 months, rather than the usual two years. At the end of 2017, the first group of MDR-TB patients who enrolled in this shorter regimen completed their treatment

and has been fully cured of TB. With support from USAID and other partners, the Government plans to expand this shorter-treatment regime nationwide by the end of 2019.

USAID began partnering with the Government of Uzbekistan (GoU) to control TB in 2002 and, according to the GoU, TB incidence has dropped by 44 percent from 2001 to 2016 and TB mortality has decreased by almost 80 percent in the same period. Ensuring that patients are treated with reliable medications is key to stemming the TB epidemic. In 2017, for the first time USAID began working with local manufacturers so that they will be able to produce international-grade TB drugs.

Education and Food Security

As with health, improving education and food security in Central Asia is crucial to boosting household and national wealth and resilience, thereby accelerating countries' self-reliance. FY 2019 resources will be used to improve education in the Kyrgyz Republic and support Tajikistan, as a Global Food Security Strategy target country.

In the Kyrgyz Republic, the FY 2019 request will enable us to continue working to improve education outcomes to prepare the next generation for greater employment opportunities. We have improved the reading skills of 65 percent of public school primary students, and at the request of the government, we have extended our reading interventions to every public primary school in the country. We have just launched a new activity to improve education access and quality to students with disabilities as well as ethnic minority children whose mother tongues are not the Kyrgyz language. We have also translated 10 children's books into Braille -- the first children's books in Braille in the Kyrgyz language.

Tajikistan struggles to create jobs for the 70 percent of its population under the age of 30. With 64 percent of the country's population employed in agriculture, and recognizing that food insecurity affects health and labor productivity, the majority of the FY 2019 budget request for Tajikistan supports our efforts to foster inclusive economic development and reduce malnutrition through market-led agricultural development. We implement agriculture and nutrition programs in Tajikistan's poorest regions along the Afghan border. We introduced new technologies that quadrupled high-value fruit and vegetable production and sourced approximately 50 improved crop varieties from California. These efforts are also improving health and nutrition outcomes: stunting has fallen in the last five years from 31 percent to 18 percent and the proportion of children receiving a minimum acceptable diet has more than doubled.

Conclusion

Mr. Chairman, Central Asia is a strategically important region for the United States, with tremendous opportunity that is constrained by significant development challenges. If the region is to increase its stability and realize its full potential, USAID must remain engaged in areas that further our strategic interests. With the FY 2019 budget request, USAID will continue making the most of every U.S. taxpayer dollar to ensure that the development decisions our partner countries make today help move them forward on their journeys to self-reliance and achieve the objectives of the South Asia Strategy.

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