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Testimony of Mr. Metodija A. Koloski, the Co-Founder and President of United Macedonian Diaspora, as submitted to the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs:

**March 5, 2019**

Chairwoman Lowey, Ranking Member Congressman Rogers, and Members of the Subcommittee on State, Foreign Operations, and Related Programs:

Thank you very much for the opportunity to submit written testimony to your Subcommittee on behalf of the United Macedonian Diaspora (UMD), the voice of our nation's close to half a million Americans of Macedonian heritage. The Macedonian-American community is largely based in Michigan, Ohio, New York, New Jersey, Illinois, Indiana, Pennsylvania, with pockets in Arizona, California, and Florida, among other locations.

With the release of the estimated FY 2019 foreign assistance budget, the Republic of Macedonia is expected to receive a total of \$5.84 million in foreign aid from the United States. It is a drastic decrease from the \$26.96 million that was provided to Macedonia in FY 2010. The Macedonian-American community is very concerned that the level of funding being offered to Macedonia does not accurately reflect the close relationship between the two allies, especially given the U.S.-Macedonia Strategic Partnership Agreement signed in May 2008 urging enhanced political, military, economic, and people-to-people ties.

Since 1993, the United States has invested close to \$2 billion in Macedonia's development. This assistance has aided Macedonia in overcoming the economic legacy of a command economy it was imposed on it as part of Yugoslavia as well as the long-lasting effects of Greece's three-year economic embargo of the newly independent Macedonia, which can still be felt after twenty years.

The Corruption Assessment Report by USAID/Macedonian Center for International Cooperation outlines the key issues Macedonia continues to struggle with and possible solutions to the problems at hand. The first step they outline towards a less corrupt government is the establishment and functioning of a coalition of Civil Society Organizations (CSOs) for combating corruption. They further state, CSOs would "demonstrate unity and audibility" in emphasizing key issues, and at the same time, ensure the greater security and solidarity among the organizations themselves. The next crucial step is more financial means, which is needed for the civil society sector, and it would come from independent sources, "primarily from the EU and the USAID." This would provide the certain independence and confidence of CSOs to be able to address the key problems and identify specific examples of all forms of corruption. We

have also noticed a significant increase of CSO staff entering government, thus creating a vacuum for keeping the government in check, accountable, and transparent.

According to the 2018 Corruption Perceptions Index reported by Transparency International, Macedonia is the 93rd least corrupt nation out of 175 countries.

The Corruption Rank in Macedonia averaged 81.65 from 1999 to 2018. Macedonia has recently undergone a change in government at both the national and local levels, in large part due to a wiretapping scandal alleging abuse of power, corruption and clientelism, which led to a political standoff between the two largest parties in Macedonia. To add to this, nepotism is a problem stemmed from the corrupt government, it mainly affects the younger generations as they struggle in finding jobs. In Macedonia, nepotism leads to low household income, no employment possibilities, very low salaries, young people leaving the country, poor education system, inadequate social care benefits, and even discrimination.

Despite pledges by the current Macedonian government in being committed to greater openness and transparency, tackling of corruption, on the ground things have continued status quo, and at times gotten worse.

While strides in these areas have been made, according to reporting agencies such as Freedom House, Macedonia still lags behind other democracies in the areas of media freedom, governance and rule of law, and economic growth.

Aid from USAID has been especially important in the educational sector. As a result of USAID projects, students have gained access to technology through the more than 6,000 computers provided to primary and secondary schools. More than 10,000 teachers were trained by USAID programs in order to better instruct students in IT, math, and science. As a result of these innovations in education, Macedonian teachers were awarded with the European Grand Prix for innovation in computer-assisted learning, at Microsoft's Innovative Education Forum in 2011. USAID has also been active sponsor of the Macedonia Connects program.

This program has resulted in the provision of broadband internet connectivity to almost 550 elementary and secondary schools, research institutions, and universities, allowing Macedonia to become the first all-wireless internet country in the world. Assistance from the United States through USAID programs has been used to improve the status of women and further integrate minorities living in Macedonia. To further integrate minorities such as the Roma community, USAID School Integration Teams have been formed in more than 200 schools to improve the educational opportunities for more than 1,500 Roma students every year.

Women have also seen their opportunities to succeed increase dramatically. From business reforms to the introduction of micro-financing, new doors have been opened to close both gender and ethnicity divides. Projects in the areas of economic growth, democracy and local government, education and anti-trafficking reforms have all seen the condition of minorities and women improve greatly. In the Department of State's 2018 Trafficking in Persons Report, Macedonia fell from a tier 1 in 2015 to tier 2 due to the government decreasing overall funding for victim protection and not awarding grants to anti-trafficking NGOs, despite NGOs being the

ones who are identifying and serving the vast majority of potential victims identified during the year.

There is a high risk of corruption in most of the Macedonia's sectors. Corruption and inefficient bureaucracy are challenges companies may face when doing business in Macedonia. For the Macedonian economy to continue to develop, business development must increase through improving the competitiveness of small and medium size businesses and facilitating an increase of economic activity. UMD has established a Macedonia Start-up and Small Business Mentorship Program that will act as a connection between the diaspora and several start-up accelerators in Macedonia. This is an excellent opportunity to give back to our homeland by helping the startup sector and thereby assist many aspiring Macedonian entrepreneurs in realizing their economic potential in Macedonia and contributing towards creating a more positive economic environment.

Private business development has been hindered by lingering effects of the Yugoslav command economy and the Greek economic embargo in the 90's, which caused unemployment in Macedonia to reach 70%. In the last decade, the Macedonian economy has grown thanks in part to the efforts of USAID programs to improve competitiveness, create investment opportunities, improving agricultural competitiveness, enhancing microfinance availability, and removing barriers to start small businesses. According to the Heritage Foundation 2019 Index of Economic Freedom, Macedonia's economic freedom score is 71.1, which is more than ten points higher than the global average.

One of Macedonia's key drivers of economic growth has been in the tourism industry. Aid money has played a critical role in the improvement of domestic infrastructure needed to support this growing industry. Funding from foreign assistance has provided the capital needed to modernize Skopje's international airport and maintain the network of roads that connect Macedonian landmarks. Aid targeted at improving agricultural competitiveness and export promotion has greatly benefitted Macedonia's growing wine industry.

Possibly the most critical objective set out in the Corruption Assessment Report is the direct cooperation between USAID and the civil society sector is a must for wider anti-corruption access, aiming for the greater involvement of CSOs, besides state institutions, in order to provide wide and comprehensive civil action against corruption.

Three important areas that aid is needed in the forms of both technical assistance and monetary aid are judiciary independence, strengthening of civil society in a non-partisan fashion, and an increase in media freedom.

Current USAID programs in Macedonia are working to strengthen the judiciary in order to more strongly separate its powers from the executive and promote the rule of law. USAID programs in coordination with the American Bar Association – Rule of Law Initiative that trained over 220 judges, administrators and court accountants have made the Macedonian judiciary more fiscally responsible and decreased the time necessary to resolving newly filed cases. However, currently party affiliations still limit the balance of power between the judicial and executive branches and foreign assistance is still necessary to continue to train and educate members of the judiciary, and

very importantly, increase public confidence in the rule of law. The government has control over the judiciary and it is evident in the politicization of legal cases, current, and previous.

Civil society support continues to be an indispensable factor in maintaining transparency and accountability of the government. In Macedonia, civil society groups play a key role in building awareness and providing diversity training to communities, businesses and the government. In recent years, USAID's Civil Society Program has helped more than twenty civil society organizations increase their capacity to mobilize citizens and engage in civil initiatives such as research based advocacy and government oversight. Civil society in Macedonia continues to be an important source for combating corruption and increasing public awareness of ongoing reform in the country. We hope USAID will refrain from politicization in civil society, and ensure that civil society remains neutral and non-partisan.

USAID's projects to strengthen independent media in Macedonia are arguably the most important of all at this turbulent time in Macedonian politics. In Macedonia, 98% of its inhabitants use television as their top media provider on a weekly basis. The international human rights organization Freedom House characterized the media landscape as "not free."

Members of the national and international media community, including the Association of Journalists of Macedonia and the European Federation of Journalists, accused the previous government of failing to respect freedom of speech and the press and of taking no responsibility for the protection of journalists. However, currently publicly owned media outlets are strongly impacted by political parties, which can dictate funding as well as appoint members of oversight committees such as the Broadcasting Council.

Improving the rule of law and balance of power between democratic institutions in Macedonia are a precondition for continued and sustained growth. Work still remains to be done in the areas of increasing transparency and accountability of government, fighting corruption, and improving the function of the Macedonian parliament.

Another major area of funding needed is in helping Macedonia tackle its grave air pollution problem. Its capital Skopje often ranks among the worst in the world, alongside the city of Tetovo. Reports state that 2,000 Macedonians die each year due to air pollution. The U.S. can and should assist Macedonian authorities to implement collective measures to tackle this issue, as well as give CSOs the necessary resources to bring greater public awareness.

Macedonia was forced to sign and ratify the unconstitutional and hugely unpopular Prespa Agreement. Both the Macedonian and Greek leadership have disregarded the widespread protests against the name change decision, and continue to accept the worldwide support of leaders who know nothing about the history between Macedonia and Greece, and the gross violations against the Macedonian minority in Greece by all Greek governments since 1913 as reported by the BBC in their February 24, 2019 article "Greece's invisible minority," which can be found in the Congressional Record.

Even in 2008, Macedonia met the requirements for NATO membership, including a then 2.17 percent in defense spending, participated in every NATO mission, maintained the 4th largest

troop contribution to ISAF in Afghanistan, hosted the NATO Logistical Support Center in Kosovo and time and again exceeded its commitment to the U.S. and NATO allies. Macedonia has been heavily invested in both the KFOR mission by hosting the mission's logistics support center, and partaking in the ISAF mission, providing the fifth most troops per capita in Afghanistan.

In 2010, Macedonian and American troops served side-by-side in Afghanistan, the first deployment of its kind between the U.S. and a non-NATO member country. Aid from the U.S. in the forms of both monetary and technical assistance in the form of equipment and training have driven positive reforms that have allowed Macedonia's 7,000 strong Army receive praise from numerous U.S. military commanders.

Macedonia is slated to join NATO by the end of 2019.

Last but not least, UMD has been a strong proponent of Macedonia's Euro-Atlantic future, however, not under any other name but that chosen by its people, the Republic of Macedonia. UMD will continue to use the Republic of Macedonia as its official reference and will advocate for all 140 countries that recognized Macedonia under its rightful name to continue to do so regardless of the Prespa Agreement. We hope U.S. will use Macedonia. UMD was opposed to USAID providing education and funding on the September 30, 2018 referendum to change Macedonia's name. The referendum turnout of 36.91% under 50% needed by the Macedonian Constitution does not represent a mandate to change the country's constitutional name and does not reflect the will of the Macedonian people.

The United Macedonian Diaspora (UMD) is a leading international non-governmental organization promoting the interest and needs of Macedonian communities in the United States and throughout the world. On behalf of the close to half a million Americans of Macedonian heritage, we work to foster unity, promote Macedonian culture and heritage, advance the interests of the Macedonian-American communities, and strengthen the U.S.-Macedonia bilateral relationship.

Thank you for the opportunity you have provided the United Macedonian Diaspora to submit this testimony.