

**Statement of Paige E. Alexander**  
**Assistant Administrator, Bureau for Europe and Eurasia**  
**U.S. Agency for International Development**  
**Before the**  
**House Committee on Foreign Affairs**  
**“U.S. Foreign Policy Toward Ukraine”**  
**March 6, 2014**

Mr. Chairman, Ranking Member Engel, distinguished Members of the Committee, thank you for inviting me to testify before you today regarding United States assistance for the people of Ukraine.

Recent events are momentous for Ukraine and the response of the United States government is critical to the region’s future. The U.S. is working with our international partners -- especially the International Monetary Fund -- to provide needed support to Ukraine’s people and economy as they face the current crisis. Our approach is to support the goals and aspirations of all of the people of Ukraine for peace, prosperity, freedom, and human dignity -- the very things that so many Ukrainians were demanding on the Maidan.

Elections are less than three months away and support is needed first and foremost to ensure that they are free, fair, transparent, and inclusive. Successful elections will be essential to demonstrate to the world and to the Ukrainian people that Ukraine is on a democratic path.

At the same time, years of economic mismanagement have left Ukraine with an uncompetitive business climate and overvalued exchange rate. Ukraine's energy sector continues to be a significant drain on Ukraine's financial resources and has left Ukraine highly dependent on imported gas. Ukraine urgently needs to implement economic reforms, with the support of the IMF, to restore economic stability and avert a financial crisis, which would further undermine stability and make progress in other areas impossible.

The people of Ukraine, on the Maidan and throughout the country, are demanding an end to official corruption, including insider dealings and misappropriation of funds by government officials. The new government has made a pledge to do this, and early indications are promising that they will take serious action.

Against this backdrop, the U.S. package of bilateral assistance that was announced on Tuesday is focused on meeting Ukraine’s most pressing needs and helping

Ukraine to make needed reforms in the medium and long-term. We as a government are focused on four areas: implementing critical economic reforms; promoting free, fair, inclusive and peaceful elections, with robust involvement by a strong and independent civil society and media; combatting corruption and recovering stolen assets; and assisting Ukraine in withstanding politically motivated trade actions by Russia.

On economic reforms, we will work to complement Ukraine's work with the IMF to implement the reforms needed to put the country on a more sound economic footing in the medium and long-term. Addressing these challenges will require implementation of economic reforms that can restore Ukraine to economic health. Only the IMF can provide the needed technical expertise, reassurance to markets, and large-scale financing needed to stabilize the Ukrainian economy and avert a debilitating financial crisis. We will use our bilateral assistance to make the success of an IMF program more likely, by providing technical assistance to support reforms and to soften their impact on vulnerable Ukrainian households.

U.S. technical assistance in these areas will be critical to helping Ukraine return to economic stability and growth and move forward on its democratic path. We need to assist the Ukrainian people in addressing these challenges and promote a path to sustainable long-term economic development. Failure to do so would risk undermining our policy efforts. We also need to revitalize support to the private sector, which has stagnated in recent years because of an increasingly uneven playing field and official harassment. Complex bureaucracy and low wages for many law enforcement and other public sector officials create added opportunity for corruption. USAID is working with other agencies to develop plans to improve financial sector transparency, reform the energy sector, and improve the operating environment for private business.

We will also work with you to pass 2010 IMF quota legislation, which would support the IMF's capacity to lend additional resources to Ukraine, while also helping to preserve continued U.S. leadership within this important institution.

On promoting free and fair elections, specifically, we will work to improve the legal framework and strengthen election administration. The new government is poised to enact necessary reforms of election legislation in the short term. Our efforts will facilitate inclusive dialogue, technical assistance, and civil society engagement on electoral law reform. We will also provide technical assistance to the Central Election Commission for the training of election management bodies and officials, and on voter education.

We plan to support international and domestic election observation. Broad and diversified oversight of the electoral process is critical for ensuring transparency and thus the legitimacy of these elections. Local and international elections watchdog organizations have played a highly constructive role in past elections in Ukraine, and additional support for them will help establish both domestic and international legitimacy of the results.

Additional support is required for more comprehensive long- and short-term observation missions. We will help support both a domestic non-governmental group and a coalition of regional non-governmental election monitoring organizations. We're coordinating closely with State's European Bureau and the Bureau of Democracy, Human Rights, and Labor on supporting robust electoral oversight. We will also support a high-level pre-election assessment and Election Day missions from the National Democratic Institute and the International Republican Institute that can leverage their decades-long, global experience in election monitoring.

We will work to harness the constructive energy generated by the EuroMaidan movement, and we will support civil society coalition building to advocate for further reform. Through consultations, training, and new technology, our longstanding elections and political processes implementing partners can help political parties be more responsive to citizens and strengthen relationships with civil society. They can also assist parties and alliances emerging from the EuroMaidan movement to organize and participate constructively in the elections. Additional support will include training for party poll-watchers and additional public opinion polling on voter attitudes.

We will also work to support independent media outlets to help promote a more open and diverse information environment throughout the country, including media monitoring during the campaign. We will support investigative journalists working to help combat corruption and assist in the recovery of stolen assets. We plan to help the Government of Ukraine create more robust safeguards against corruption and recover assets stolen from the people of Ukraine in accordance with the rule of law.

On addressing corruption, a majority of Ukraine's citizens have made clear to the world their desire for a more open, democratic, and accountable form of governance – one that represents its people, that is not corrupt and that operates

transparently. We plan to help the Government of Ukraine create more robust safeguards against corruption and recover assets stolen from the people of Ukraine.

We have long supported the work of Ukrainian organizations advocating for respect for human rights, and we plan to continue assisting them, including those that have emerged as leaders in monitoring of recent human rights violations and advocating for universal human values.

In addition to these immediate needs, we also recognize that the creation of more inclusive and accountable government takes more than just one election. Ukraine has vibrant and multi-faceted civil society, which is both authentically indigenous and has also benefited from our sustained support through the years since independence. Mid-range and longer term needs will include the further strengthening of civil society and independent media, efforts to help the government engage more fully and substantively with all sectors of society, a continued focus on anti-corruption measures, continued support for parliamentary strengthening and development, renewed reform of the judicial system, and a consideration of reasonable steps towards de-centralization.

In the health sector for instance Ukrainians face corruption on a daily basis. Such corruption has led to high prices of pharmaceuticals and to serious shortages of childhood vaccines. Partly as a result, Ukraine is now facing an immediate and serious threat of a polio outbreak. Inflated drug prices have also led to shortages in anti-retroviral drugs for HIV patients. Previously the U.S. Government has enjoyed strong cooperation with the people of Ukraine in the health sector that has helped reduce maternal and infant morbidity. Now the government's commitment to fight corruption and reform the health system provides USAID with an opportunity to provide targeted assistance in improving health systems and immunization rates and restoring public confidence in the health system.

Mr. Chairman, Mr. Engel, members of the Committee, thank you again for this opportunity to testify on this issue of great importance, not only for Ukraine, but for the region, and for the United States. This is a critical moment of opportunity for Ukraine and USAID is well poised to help Ukraine meet some of its most pressing challenges. And, as my colleagues have noted, the IMF will be crucial to our efforts. This concludes my prepared testimony, and I am prepared to answer any questions you may have.