

# REVIEWING THE ADMINISTRATION'S FY 2016 BUDGET REQUEST FOR EUROPE AND EURASIA

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## HEARING BEFORE THE SUBCOMMITTEE ON EUROPE, EURASIA, AND EMERGING THREATS OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS

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## **REVIEWING THE ADMINISTRATION'S FY 2016 BUDGET REQUEST FOR EUROPE AND EURASIA**

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**TUESDAY, JUNE 16, 2015**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON EUROPE, EURASIA, AND EMERGING THREATS,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Dana Rohrabacher (chairman of the subcommittee) presiding.

Mr. ROHRABACHER. I call to order the Europe, Eurasia, and Emerging Threats Subcommittee for this afternoon's hearing on the administration's budget request.

Before I get into the substance of the hearing, I would like to express my sympathy for the victims of the devastating floods which struck the Georgian capital of Tbilisi this weekend.

Over a dozen people have lost their lives and millions of dollars in property damage has been suffered. I am sure my ranking member and all the members of the subcommittee join me in expressing our condolences to the families of the victims and wishing the citizens of Tbilisi a speedy recovery.

Getting to the matter at hand, the President has asked that Congress authorize over \$50 billion for international affairs programs for Fiscal Year 2016. Over \$1 billion has been requested for programs of all types in the jurisdiction of this subcommittee.

That is a sizeable increase from roughly \$640 million spent for Fiscal Year 2014. Given the events in Eastern Europe over the past 18 months, much of the increased spending is targeted on Ukraine, Georgia and Moldova.

Yet, let me note that we are currently \$18 trillion in debt and the debt is increasing every day. So every dollar we use to help people in foreign countries places that much additional burden on the backs of the American taxpayer, even worse, on the backs of America's children who will inherit this debt.

All government programs need to meet a high standard. But foreign assistance particularly, if it is to be given at all, must meet the most rigorous standards for accountability.

Congress has the duty to scrutinize the President's requests to make sure it is responsible and that it properly supports our nation's international policy priorities.

As I discussed during the same hearing last year, post-war Europe is often cited as a successful example of U.S. foreign assistance. The Marshall Plan did succeed. It did so because it was part of a larger U.S. approach to restoring Europe.

The German Government itself, for example, undertook reforms to remove extensive price controls and other restrictions on trade, production and the distribution of goods. That is what helped restore their economy more than any aid program.

I would encourage us all to keep that experience in mind as we talk about governments like the one in Kiev, which we are currently working so hard to support.

The United States Government can provide loan guarantees, technical assistance programs and training. But if the Ukrainians themselves can't sustain the drive to reform their country and root out corruption, our efforts will be fruitless.

Since Moldova gained its independence, for example, the United States has spent over \$1 billion to help that country develop into a prosperous democracy. This year's request for Moldova is nearly \$50 million, or \$20 million over Fiscal Year 2014.

During my question time, I hope to hear from the witnesses why our aid to Moldova is increasing so dramatically when the political parties and corrupt ruling elite in Moldova have shown zero real interest in the type of reforms that country needs in order to prosper.

Let me note there is a grave distinction between humanitarian assistance and development aid. Of course, we should always be ready to respond to natural disasters, perhaps like the one that is experienced with Tbilisi—earthquakes, floods, those type of natural disasters.

We owe it to our fellow human beings in being one of the most prosperous countries in the world to help out in these cases of dire emergency.

However, development funds can't work if recipient countries do not undertake economic reforms. The role of government assistance is not, thus, to replace private investment.

Without objection, all members will have 5 legislative days to submit additional written questions or extraneous materials for the record.

With that, I turn to our ranking member, Congressman Meeks, for his opening statement.

Mr. MEEKS. Thank you, Mr. Chairman.

I also want to join you in sending out condolences to those who were victims—those families victims of the floods in Tbilisi. Our hearts and prayers go out to those families.

Let me also thank you, Chairman, for holding this hearing to provide us with an opportunity to examine the administration's 2016 budget request and our Government's ability to execute our strategy in the region.

When discussing our fundamental strategy for a Europe whole, free and at peace, my attention is immediately drawn to the war in Ukraine.

The country struggled to modernize its economy and the fight for its citizens' basic rights. Yet, while my attention is drawn to Russia's role in the region and our relationship to Russia, I cannot

stress enough the importance of the countries that are not in the spotlight in today's papers.

Europe and Eurasia is, after all, a diverse region in terms of levels of political and economic development and in strategic military concerns.

I am convinced that the work of our diplomats and aid workers in the field ensure that America's interests are being protected while bringing peace and prosperity to the region. This is—but this project is far from over.

The overall budget reflects a particularly urgent demand that, frankly speaking, may require more resources when 2016 arrives. I am referring to the situation in Ukraine and the economic tight-rope the government is currently walking.

Yes, the reform of the economy must be done by the Ukrainians themselves following successive governments' failures to reform. But the new Ukrainian Government will not be able to meet the rightful demands of its citizens without some help.

With a closing political window, I want to make sure that we help a committed government get reform done and get it done correctly. Take the Ukraine portion of the budget out of the equation, however, and we are left with a relatively small budget, given the concerns in other parts of the region.

A few weeks ago, this subcommittee hosted a lively hearing on progress and challenges in the western Balkans. Since the hearing, Macedonia continues to stumble through its political turmoil.

The Greek foreign minister has also visited Washington when we examined possible energy futures that would affect all members of the western Balkan region. Or Serbian prime minister visited also to DC to discuss Kosovo and relations with Russia.

All of this is a way to say that there is plenty of work to be done in this region. Are we succeeding in achieving our foreign policy goals in the western Balkans, given the budget?

Meanwhile, in Central Asia we face similar problems but with different variables. As the Russian economy reels, citizens feel the combined effects of low oil prices, corruption and a non-modernized economy and Western sanctions. As a result, scores of migrant laborers, many of them men, are returning home to Central Asia.

Kyrgyzstan and Turkestan are especially vulnerable. We are not only due—and it is not only due to the local economies that rely on remittances as a significant source of income. They do rely on remittances as a significant source of income.

But the economies may not be able to absorb the influx of labor. In these countries, having frustrated portions of society with nothing that they can do to support their families, people will look toward more drastic options to express despair.

And finally, the Caucasus, where USAID has been active in various programs in the diverse region. I would like to hear how the 2016 budget aims to address the problems that seem increasingly difficult.

It is recent—in its recent summit and rigor our partners in the region, the European Union, recalibrated its policy toward the eastern partnership, noting the various challenges and levels of development.

As EU and NATO memberships become even less attractive or attainable goals in the mid- to medium-term, our assistance there becomes much, much more important.

In conclusion, I look forward to discussing the proposed 2016 budget with our four colleagues from the State Department and USAID.

It is my goal as ranking member of this subcommittee to challenge, nudge and encourage you to make sure our dollars are being used to their fullest potential in a diverse region that means so much to us as Americans.

And I yield back.

Mr. ROHRABACHER. Thank you very much, Mr. Meeks.

Does Mr. Cook or Mr. Weber have an opening statement?

Mr. Weber.

Mr. WEBER. Yes, sir. Let us get going.

Mr. ROHRABACHER. All right. There we go.

We have a great panel with us today to help us understand this part of the Federal budget and how it relates directly to our relations with the countries within our jurisdiction of this committee.

First is Alina Romanowski, who is State Department coordinator for U.S. assistance to Europe and Eurasia, a position which she took up this past March. She coordinates our assistance programs across multiple State Department bureaus and government agencies.

Previously, she served as the deputy assistant administrator for USAID's Middle East bureau and held senior positions within the Bureau of Educational and Cultural Affairs.

She is a member of the Council on Foreign Relations and graduated with a Master's degree from the University of Chicago.

Next, we have Daniel—no, we don't. You are not next. No. Next we have Susan Fritz as acting assistant administrator for USAID in Europe and Eurasia Bureau.

She brings over two decades of experience to the table and she has served as, for example, USAID mission director in Serbia and the deputy mission director for Kosovo. It is good to have her back as well before the subcommittee.

And then we have Mr. Daniel Rosenblum. He was a deputy assistant secretary of state for Central Asia from 2008 to 2014. He served as the coordinator for U.S. assistance to Europe and Eurasia.

Before that, he held numerous positions of responsibility within the State Department before joining the executive branch. He was a legislative assistant here on Capitol Hill for Senator Carl Levin.

And last but not least, we have Jonathan Stivers, serves as USAID's assistant administrator for the Bureau of Asia and today will be speaking specifically to the Central Asian aspect of his portfolio.

Mr. Stivers is an 18-year veteran of Capitol Hill and last worked for Democratic Leader Nancy Pelosi. So we have two veterans over there, you know, both sides of this discussion, and he holds a Master's degree in international policy from George Washington University.

I would like to ask all of our witnesses to limit their presentation to 5 minutes. Everything else in your opening statement can be put



into the record and then it will be followed by a question and answer period from the members to the panel.

Ms. Romanowski, you may proceed.

**STATEMENT OF MS. ALINA ROMANOWSKI, COORDINATOR OF U.S. ASSISTANCE TO EUROPE AND EURASIA, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Ms. ROMANOWSKI. Thank you, Chairman Rohrabacher, Ranking Member Meeks and members of the subcommittee. Thank you for inviting me here today to testify on the President's Fiscal Year 2016 budget for Europe, Eurasia and Central Asia. If there is no objection, I would also like to submit my written testimony for the record.

Mr. ROHRABACHER. Hearing no objection, so ordered.

Ms. ROMANOWSKI. Last fall marked the 25th anniversary of our assistance to support democracy, political pluralism and economic reform in the post-Communist space of Europe, Eurasia and Central Asia.

The results have demonstrated the transformational power of U.S. assistance to unleash freedom, security and prosperity across a region once shackled by totalitarianism, hostility and economic stagnation.

Since 1990, 12 former assistance countries have joined NATO and 11 joined the EU. In Central Europe, 11 former seed assistance countries are now fully-fledged partners in opening the way toward democracy, rule of law, open markets and human dignity for their Eastern neighbors.

While the success of our assistance had been significant, progress is worryingly uneven. The fate of our 25-year assistance effort is visibly being tested in Ukraine and Russia's actions represent the most serious challenge facing the U.S. and our European allies since the end of the Cold War.

With the current crisis in Ukraine and Russia's attempt to shred the values on which the post-Cold War order is based, we are redoubling our focus and objectives toward a Europe whole, free and at peace and fostering stable, prosperous and pluralistic democracies across the region.

Our Fiscal Year 2016 request for the Europe and Eurasia region is \$953.3 million and reflects the tough challenges that we face in a budget environment with competing global demands.

We support five strategic objectives. First, keeping faith with countries as they chart their own futures in the face of bullying from outside actors. Second, supporting these countries on their path toward Euro-Atlantic integration.

Third, bolstering efforts to tackle corruption, build rule of law and foster transparent and accountable governance. Fourth, deepening and expanding civil society and free independent media.

And finally, fifth, rolling back transnational threats that rob the region of its prosperity and undermine its security.

Since Russia's occupation and purported annexation of Crimea, the U.S. has committed \$471 million in assistance for Ukraine along with providing two \$1-billion loan guarantees.

If Ukraine continues progress on its reform agenda and conditions warrant, the U.S. administration will work with Congress to consider providing another loan guarantee later in 2015.

Going forward, our assistance in Ukraine will target broad economic, anti-corruption and energy reforms while incorporating civil society, private sector and the public into this process.

In Kiev and European capitals, we are working closely with other international donors to avoid duplication and ensure complementarity of our efforts.

Just like in Ukraine, we are supporting Georgia and Moldova to pursue clean accountable governance as well as their quests to move closer to Europe and counter Russian pressure.

U.S. assistance is also playing an important role in addressing serious transnational threats like organized crime, trafficking and foreign fighters from the region.

To combat these malign influences, our Fiscal Year 2016 request for peace and security programs for Europe and Eurasia is \$263.4 million, which is up \$51.8 million over Fiscal Year 2014 levels.

But our objectives are not limited to post-Soviet space. The countries of the western Balkans too are knocking at the door of Euro-Atlantic institutions.

We must continue to offer them a political, economic and moral hand in their efforts whether in normalizing relations between Serbia and Kosovo or helping Albania push ahead with progress on reforms to meet EU standards.

Our budget request also aims at rooting out corruption. We are increasing transparency and accountability in courtrooms across Albania.

In Bosnia-Herzegovina, we are supporting civil society to implement a new whistleblowing protection law and in Ukraine we are providing technical assistance to help stand up a new independent anti-corruption bureau.

We are also working to reverse the worrying trends of democratic backsliding and restricting civil society. Doing this requires innovative thinking to ensure that countries in Eurasia and the Balkans continue on the path to democracy. Our Fiscal Year 2016 request for democracy funding is \$193 million.

As Secretary Kerry said when he testified before this committee over a month ago, "Our budget proposals aren't just a collection of numbers. They are the embodiment of our values."

For 25 years, our assistance in Europe and Eurasia has extended those values toward our ultimate goal of completing a Europe whole, free and at peace. This budget request continues that mission.

Finally, we remain committed to working diligently, effectively and imaginatively with the resources provided by the American people in service of our values and our national interests throughout the region.

Thank you for this opportunity and your bipartisan support. I look forward to your questions.

[The prepared statement of Ms. Romanowski follows:]

**Written Testimony**

**Alina L. Romanowski**  
**Coordinator of U.S. Assistance to Europe, Eurasia and Central Asia**  
**Bureau of European and Eurasian Affairs**  
**Before the House Foreign Affairs Committee**  
**Subcommittee on Europe, Eurasia and Emerging Threats**

**June 16, 2015**

Chairman Rohrabacher, Ranking Member Meeks and members of this subcommittee, thank you for inviting me here today to testify on the President's FY16 budget request for Europe and Eurasia. I'd also like to express my deep appreciation for your strong bipartisan support for our efforts to expand and deepen a "Europe, whole, free and at peace."

Today, against the backdrop of Russia's aggression in Ukraine, that vision is more under threat than at any time since the end of the Cold War. Over the past year, your support for our assistance efforts; Member and staff-level consultations with our offices; and increased Congressional visits to Ukraine, Moldova, the South Caucasus, the Balkans, and across Europe have helped assure Allies and partners of the United States' commitment to sovereignty, democracy, peace and prosperity as cornerstones of our national interest and national security. Bipartisan support at home has been a source of strength in our efforts and we are committed to build on this spirit of cooperation.

Through the Support for Eastern European Democracy (SEED) Act of 1989 and FREEDOM Support Act (FSA) of 1992, Congress has generously appropriated over \$27.5 billion under those and successor accounts since FY 1990. Last fall marked the 25<sup>th</sup> anniversary of the start of SEED-funded assistance to support democracy, political pluralism and economic reform in the post-Communist space of Europe, and the 22<sup>nd</sup> anniversary of our FSA-funded assistance to Eurasia and Central Asia.

The results have demonstrated the transformational power of U.S. assistance to help unleash freedom, security, and prosperity across a region once shackled by totalitarianism, hostility, and economic stagnation. Since 1990, 12 former assistance countries have joined NATO; 11 have joined the EU. In Central Europe, 11 former SEED assistance countries have graduated to

donor-country status. Today those former consumers—beneficiaries—of our assistance are paying it forward. They have become full-fledged partners in opening the way for their eastern neighbors and those globally who strive for democracy, rule of law, open markets, and human dignity—whether in Ukraine; in Afghanistan; in efforts to degrade and ultimately destroy ISIL; in confronting violent extremism; or in combating Ebola.

While the success of our assistance has been significant, the map of a free, democratic, market-based Europe, Eurasia, and Central Asia remains incomplete. Progress is worryingly uneven. Corruption, chronically high unemployment, democratic backsliding, suppression of media and civil society, ethnic tension, and protracted conflicts still afflict many states across the region. Georgia and Moldova need help in their quest to implement their Association Agreements with the EU, move closer to Europe, and counter Russian pressures. Malign Russian influence, inter-ethnic tension, and backsliding on democracy are exposing new vulnerabilities of EU and NATO aspirants in the Western Balkans as we have seen with the unfolding political crisis in Macedonia. Transnational threats from organized crime to foreign fighters plague our partners, undermine their security and inhibit their growth potential. And, of course, the fate of our 23-year assistance effort is being tested in Ukraine. As Assistant Secretary Nuland said in January, “Ukraine’s frontline for freedom is ours as well.”

In light of the current crisis in Ukraine and Russia’s attempt to shred the values on which the post-Cold War order is based, we are redoubling our focus and assistance objectives in FY16 that have been at the core of our mission since my office’s creation: working toward the goal of a “Europe whole, free, and at peace” and fostering stable, prosperous, free-market, and pluralistic democracies across the region.

Our request reflects the tough budget environment we are in and competing global challenges we face. The FY16 request for the Europe and Eurasia region is \$953.3 million. For Central Asia, our FY16 request is \$155.7 million. My testimony today will first focus on Europe and Eurasia, after which I’ll cover Central Asia.

First on Europe: U.S. assistance will focus on five broad strategic objectives reflected in our FY16 budget request: first, keeping faith with countries as they chart their political and economic futures in the face of bullying from

outside actors; second, supporting countries in their pursuit of Euro-Atlantic integration when they seek it; third, bolstering countries' efforts to combat corruption, build rule of law, and foster clean, transparent, accountable governance that delivers for their people; fourth, deepening and expanding democracy, political openness, civil society, and free, independent media; and fifth, rolling back transnational threats that rob the region of its prosperity and undermine its security. Of course, today's budgetary climate limits our ability to respond effectively to all the region's needs but we are committed to addressing the region's most pressing challenges as effectively as possible within our means.

Let me address each of these five objectives.

First, we are committed to supporting the sovereign choice of countries to determine their own political and economic destinies. That right is a core principle of democratic governance. Today that struggle is most dramatically seen in Ukraine. In the past year, Ukraine began to forge a new nation on its own terms—signing an Association Agreement with the EU, holding free and fair elections—twice—even as violence raged in the east, and undertaking deep and comprehensive economic and political reforms.

As Secretary Kerry said in Kyiv in February, the United States will “be steadfast in standing with the Ukrainian people who have not for a moment forgotten the better future that they’re fighting for.” We are working with the EU and international community to support Ukraine as it fights to right its economy, secure its borders against Russian and separatist aggressors, and deliver better public services and opportunity for its citizens. Since the crisis began, the U.S. government has committed approximately \$471 million in assistance for Ukraine. In addition, the United States provided the Ukrainian Government with a \$1 billion loan guarantee in May 2014 and a second \$1 billion U.S. loan guarantee last month. If Ukraine continues making concrete progress on its reform agenda and if conditions warrant, the U.S. Administration will work with Congress to consider providing an additional \$1 billion loan guarantee in late 2015.

Our assistance to Ukraine targets three broad reform areas:

- **Advancing and consolidating economic, anti-corruption and energy reforms:** The United States supports Ukraine's efforts to carry out the economic reforms needed to make its IMF and World

Bank programs a success and place the country on a path toward growth. We are helping Ukraine address issues such as gas market and Naftogaz reform, government debt, tax policy, banking sector reform, agriculture reform, pension reform, adherence to international investment standards, access to finance and anti-corruption measures, local economic development, export promotion and trade policy, and other measures that increase economic opportunities for citizens. Additionally, our support measures are aimed at reducing Ukraine's energy dependence on Russia.

- **Supporting national unity, political confidence-building and special status in the east:** The United States supports an inclusive, consultative, and transparent constitutional-reform process, combating corruption, decentralization efforts, reforming judiciary, elections in the east, and other institutional reform priorities of the Ukrainian Government, which will lead to the full implementation of the Minsk package and Ukraine's ultimate political restoration. We will continue to support the OSCE's Special Monitoring Mission as well as targeted, value-added OSCE extra-budgetary initiatives.
- **Reforming and building the capacity of the security sector:** The United States is helping Ukraine deepen the capacity of its law enforcement—including an expansion of a patrol-policing program piloted in Kyiv—border services, and military forces to perform their duties effectively and efficiently. In response to Russia's aggressive actions, we committed about \$199 million in State and DoD funding since the start of the crisis to provide training and equipment to help Ukrainian forces better monitor and secure their borders, operate more safely and effectively, and preserve Ukraine's territorial integrity. In addition, we have committed over \$61 million in humanitarian assistance to help meet the needs of Ukrainians displaced by Russia's occupation and purported annexation of Crimea and the conflict in eastern Ukraine. We also have committed over \$13 million to mitigate deepened social tensions and provide other transition support to conflict-affected individuals.

As the United States and international community renew our investment in Ukraine, we are engaging all stakeholders to ensure that U.S. assistance is targeted most effectively using the right mix of resources and authorities. This includes working closely with the Ukrainian government to ensure that

U.S. assistance supports their reform agenda, and we have deployed expert technical advisors to key ministries to help them implement reforms. We also continue to reach out to Ukraine's civil society, private sector, and public to ensure that their voices are heard. Together with the Defense Department, we have stood up a European Command-led joint defense commission with Ukraine to better understand Ukraine's defense needs and build a strong foundation for sustainable reform to help Ukraine's forces better address today's challenges and prepare for tomorrow's. Finally, in Kyiv and capitals throughout Europe and Eurasia, we are working closely with other international donors to avoid duplication and ensure complementary efforts.

Today the EU is strengthening its ties with some of the countries of the former Soviet Union through its Eastern Partnership Program. The United States strongly supports the right of these countries to move closer to the EU through the signing of EU Association Agreements and Deep and Comprehensive Free Trade Agreements. Ukraine, Georgia, and Moldova have signed Association Agreements and Deep and Comprehensive Free Trade Agreements.

And just as we are supporting Ukraine in its efforts to pursue clean, democratic accountable governance and closer ties with the EU, we are assisting Georgia and Moldova to do the same. As Georgia, Moldova, and Ukraine grow closer to the EU, get visa-free travel, and increase exports of their goods, services, and ideas into the world's largest market, we are by their side, strengthening their sovereign defense and helping them reform.

Our assistance is based on a core principle that all countries have the right to determine their own future and to realize that future free of external pressure. Russia has chosen to ignore this basic principle, insisting on an outdated notion of spheres of influence and its right to interfere—including through military means—in the affairs of the countries it calls its “near abroad.”

Russia's occupation and purported annexation of Crimea and other aggressive acts in Ukraine represent the most serious challenge facing the United States and its Allies in Europe since the end of the Cold War. Russia has sought to derail the European integration of Moldova and Georgia. Russia has introduced trade barriers and threatened to cut off gas supplies to Moldova. It has deported some Moldovan migrant workers and threatened

to expel others en masse. Russia also has undermined Georgian and Moldovan sovereignty and territorial integrity by expanding its purported “borderization” of, and signing so-called “treaties” with, the Georgian regions of Abkhazia and South Ossetia, signaling support for Transnistrian independence, and stoking ethnic and cultural divisions in Moldova and Georgia by issuing Russian passports throughout the region. Assistance will further our goals to increase economic resilience, energy independence, and media independence throughout the region.

Second, our support serves as a force multiplier in service of greater Euro-Atlantic integration for all countries in the region that seek it. As mentioned previously, U.S. assistance programs strongly support Ukraine’s, Moldova’s, and Georgia’s European choice—our requests for Georgia, Moldova, and Ukraine represent two thirds of the entire request for the EUR Bureau.

But our assistance objective is not limited to the post-Soviet space. We continue to champion Euro-Atlantic integration –whether the normalization of relations between Serbia and Kosovo; pushing ahead with progress in Serbia and Albania in meeting EU standards; or encouraging Macedonia and Greece to work to resolve the name issue so that Macedonia can take its place in NATO. We must continue to offer all those who aspire to Euro-Atlantic standards a political, economic and moral hand in their efforts.

Our FY16 resources in the Western Balkans will help these countries integrate into European and Euro-Atlantic institutions and reduce these countries’ vulnerabilities to external pressures. U.S. assistance will continue to support critical rule-of-law reforms, counter corruption and support a business-enabling environment, all of which are central to stabilization and integration efforts. We support initiatives that tackle regional challenges relating to trade and integration with European energy frameworks, transnational crime—including through information sharing and investigative journalism —and corruption, amplifying civil society’s counter-corruption campaigns.

U.S. assistance is focused on the reforms needed to advance accession to the EU, implementation of the normalization agreements between Serbia and Kosovo, and the new EU reform initiative for Bosnia and Herzegovina, which is intended to revive the EU accession process and lead to progress on socioeconomic and government-functionality reforms. In Kosovo, our assistance represents a continued investment in the development of a truly



multi-ethnic democracy, where all citizens can have faith in their government and where energy security is assured.

Third, we are working to help countries, civil society, and the private sector in Eastern Europe and the Balkans at all levels—local, regional, national, and international—strengthen rule of law and combat the scourge of corruption. The reason is simple. As Vice President Biden said at the Munich Security Conference earlier this year, “Corruption is a cancer... it is like kryptonite to the functioning of democracy. It siphons away resources. It destroys trust in government. It hollows out military readiness. And it affronts the dignity of [our] people.”

Our FY16 budget request will build up justice-sector projects, support clean reforms emphasizing accountability and empower civil society across the region, all aimed at rooting out corruption. In this, we will build on recent progress. For instance, in Albania, we are supporting a justice sector project that is increasing transparency and accountability by introducing audio recording of all court sessions in every courtroom of all district and appellate level courts; in Bosnia-Herzegovina, we are supporting a network of civil society organizations in their push to implement a new Whistleblower Protection Law; and, in Ukraine, we are providing technical assistance and mentorship as Ukrainians stand up a new Anti-Corruption Bureau and reform the Prosecutor General’s Office.

Combating corruption requires action from the top – working with the international organizations such as the EU, UN, OSCE, and Council of Europe, through the justice sector and commitment at the political level to hold the corrupt accountable. But it also requires grassroots efforts from the bottom to stimulate public demand for transparency and integrity through the media and civil society. It will require engagement by multiple donors in the sectors in which corruption is prevalent such as public administration, education, health care, and law enforcement, among others. But such a campaign cannot be successful without political support—in governments, in civil society, and among citizens— within the host countries. Where those conditions exist, the United States will work with partners at all levels to enhance their work.

Fourth, we are working to reverse the worrying trend of democratic-backsliding and attempts to close the space for political pluralism, public discourse and democratic dissent. While we have seen citizens across the

region stand up and demand legitimacy and accountability from their governments, we have also seen peaceful demonstrations quashed by brazen leaders grasping to maintain power. In a growing number of countries, leaders are placing restrictions on the space for civil society and media in order to silence their critics, and to tip the scales of public support in their favor.

Over the last year, we have witnessed the disturbing trend of leaders learning from one another and adopting global “worst practices” for restrictive civil space. These worst practices include: requiring NGOs to jump through bureaucratic hoops to register their organizations and projects, the creation of blacklists of NGOs and journalists who are branded as “foreign agents” without their approval or consent; and, increasingly, incarcerating activists and demonstrators. Often, this is done on the false pretense that the country’s security is being jeopardized by the civic activity by its own citizens. Reversing these trends requires innovative thinking to ensure that countries in Eurasia, the Balkans and Central Europe continue on the path to democracy. Our FY16 request for democracy funding is \$221.9 million, an increase of \$81 million above FY15.

Our assistance is aimed at empowering citizens to engage with their governments, whether through civil society, independent media, the justice sector, or through democratic political party activities. Where possible, we engage with government institutions that are open to reform. Where such openings do not exist, we concentrate on the non-governmental sector.

We are supporting civil society and independent media as they shine a light on democratic and good governance challenges in the Balkans, such as NGO monitoring of public spending and fact-checking; focus on countering democratic backsliding, particularly in Macedonia and Bosnia and Herzegovina, reinforcing efforts to build democratic institutions, and strengthening justice sector capacity; and support those brave activists, journalists, and ordinary citizens in countries such as Russia, Azerbaijan, and Belarus, in line with the President’s Stand with Civil Society initiative, who wish to hold governments accountable to their international obligations and live up to the democratic principles often enshrined in their constitutions.

Fifth and finally, U.S. assistance also has an important role to play in addressing serious challenges that threaten the region’s security as well as our own—including Russian aggression along its broader periphery, ongoing

disputes in Nagorno-Karabakh, Transnistria, South Ossetia, and Abkhazia, simmering ethnic tensions and organized crime and illicit trafficking, violent extremism and the tide of foreign fighters traveling from Europe to Syria and Iraq, and weapons of mass destruction proliferation. Peace and Security programs represent 27 percent of the total FY16 request for Europe and Eurasia and Central Asia, and are up by \$48.6 million or 20% over FY14 levels.

In response to the crisis in Ukraine, the President announced, and Congress funded, a \$1 billion European Reassurance Initiative to enhance our defense posture in Europe and bolster the defense capacities of Allies and partners, such as Ukraine, Moldova, and Georgia. We also are working in all three states on training and targeted equipment provision for police and border protection services, technical assistance on legislation, and improving regional and international law enforcement cooperation.

More broadly, U.S. security assistance in the region is contributing to defense reform, military modernization, understanding of U.S. doctrine and tactics, and interoperability with U.S. and NATO forces. The United States will continue to make strategic investments in defense reform with our Allies and partners, notably Poland, Romania, Bulgaria, Kosovo, and the Baltic states. NADR-supported programs will help destroy conventional weapons stockpiles in the Western Balkans and Ukraine, and strengthen export controls throughout the region.

As we address these five strategic areas within today's tough budget climate, we look at how best we can leverage donor resources in order to stretch our assistance dollar. Throughout the region, we work with a very broad range of actors to further assistance priorities and multiply the effects of non-governmental efforts. The EU, in particular, is playing a significant role as a donor. U.S. and EU assistance programs are complementary. And, today, we are working with "emerging donors" of Central and Eastern Europe to bring their transition experience, best practices and economic support to the Balkans and post-Soviet space.

Turning to Central Asia, the region and its challenges have grown in importance. The region is critical in creating connectivity for the transition in Afghanistan; the countries remain an important front in the fight against terrorism and extremism, as well as transnational organized crime and narco-trafficking. And Russia's actions in Ukraine underscore the need to

continue our support for the sovereignty and territorial integrity of all the Central Asian countries, advocate for greater regional economic cooperation and push for progress on a range of human rights issues across the entire region.

Toward these ends, our goals in Central Asia are:

- a more secure and stable region that is not a safehaven for extremist or terrorist activity;
- greater regional economic cooperation that promotes greater prosperity and stability across the region, including creating a constituency for peace and economic progress in Afghanistan;
- more democratic, accountable and inclusive governance.

In pursuing these goals, we face some similar challenges to those in Europe—such as pressure from Russia, attempts to close the space for political pluralism, public discourse and democratic dissent, and corruption—but we also face a different set of challenges, which include declining remittances from migrant laborers in Russia, the transition in Afghanistan, and the rise of threats from extremist groups like ISIL. While the Kyrgyz Republic continues to work to consolidate its democratic gains since the 2010 revolution, we face backsliding there and in several countries. Human rights records remain flawed. And access to objective information and Internet freedom remains limited in many of the countries. Censorship has intensified as countries pass new laws and restrictions on online speech. Inter-ethnic tensions, lack of sufficient economic opportunities, and impending leadership transitions pose challenges to stability in the Central Asian states.

Given these dynamics, the President's FY 2016 budget request for Central Asia is more critical than ever before. The request of \$155.7 million, \$6.3 million higher than 2014, recognizes the important strategic role the United States continues to play in supporting sovereignty and independence, security and stability, governance and human rights, and economic development across the five Central Asian countries, and the potentially transformational effects of regional economic cooperation.

U.S. assistance will create economic growth programs, particularly in Tajikistan and the Kyrgyz Republic, to increase job opportunities and expand trade. In the Kyrgyz Republic we also will continue efforts to

consolidate its democracy and border programs to counter transnational crime, narco-trafficking, terrorism and extremism. Our assistance throughout the region will also support increased access to objective information and the development of independent media. Regional assistance programs will continue to promote a regional energy market, facilitate trade and transport, ease border and customs procedures, and connect businesses and people.

We support and complement these assistance programs with high-level bilateral dialogues with each of the Central Asian states. To maximize the effectiveness of our limited resources, we coordinate our assistance with the European Union and other donors, and partner with the private sector. Without internal economic and political reform, including better governance and increased respect for human rights, these countries cannot achieve long-term stability and prosperity.

As Secretary Kerry said when he testified before this committee a little over a month ago, "...our budget proposals aren't just a collection of numbers—they're the embodiment of our values..." For 25 years, our assistance in Europe, Eurasia, and Central Asia has extended those values—the root of our strength—toward our ultimate goal of completing a "Europe whole, free, and at peace" and a safer, more open and more democratic Central Asia.

Along the way, our assistance has improved the lives of millions. This budget request is a continuation of that mission. We are aware of the very real resource constraints affecting foreign assistance. And we are committed to working diligently, effectively, and imaginatively with the resources provided by the American people in the service of our values and our national interests to increase democracy, stability and prosperity throughout the region.

Thank you for this opportunity and your bipartisan support. I look forward to your questions.

Mr. ROHRABACHER. The figure you just gave on \$193 million for democracy development or building, that was over what territory?

Ms. ROMANOWSKI. Sir, that is our request for Fiscal Year 2016.

Mr. ROHRABACHER. For which countries?

Ms. ROMANOWSKI. It is for the region.

Mr. ROHRABACHER. For the——

Ms. ROMANOWSKI. Europe and Eurasia.

Mr. ROHRABACHER. Got it. Okay.

Ms. Fritz, you may.

**STATEMENT OF MS. SUSAN FRITZ, ACTING ASSISTANT ADMINISTRATOR, EUROPE AND EURASIA BUREAU, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Ms. FRITZ. Chairman Rohrabacher, Ranking Member Meeks, members of the subcommittee, thank you for inviting me to testify today on the administration's Fiscal Year 2016 budget request for Europe and Eurasia.

Historically, the United States and USAID have played a key role in this region. Over the past 20 years, 12 Eastern European countries have transitioned from receiving USAID assistance, integrating into the Euro-Atlantic community including NATO and the EU, becoming strong allies.

However, the region's transformation isn't complete. In the countries where we continue to work, progress in key areas is uneven. Gains are at risk and we are even seeing some regression.

The past year has been challenging. Russian aggression in Ukraine and throughout the region threatens peace, stability, democracy and prosperity and requires greater U.S. and international focus, resolve and resources to meet these challenges.

Still, we see opportunities from Kiev to Belgrade to Tbilisi to further Euro-Atlantic integration, democracy and economic prosperity. U.S. assistance remains critical to countering Russian pressure and to advancing the goal of a Europe whole, free and at peace.

To support these goals, the President has requested \$710.2 million in ESF in Fiscal Year 2016. This assistance targets critical needs in Ukraine, supports Georgia, Moldova and the Balkans' continued Euro-Atlantic integration and strengthens the democratic and economic resiliency of these countries to address Russian pressure.

In Ukraine, USAID has stepped up its efforts to support the Ukrainian Government and people during a historic transition. We deeply appreciate congressional support that has reinforced our efforts and the U.S. commitment to Ukraine.

USAID's funding supports critical programs in the following areas—stabilizing, strengthening and growing Ukraine's economy and supporting Ukraine's energy independence; strengthening democracy and rule of law; combatting corruption and promoting effective governance; and improving the availability and effectiveness of health services and containing the spread of HIV/AIDS and TB.

Some key accomplishments and milestones in these areas include in energy, USAID provided critical technical assistance to help Ukraine keep the lights and heat on this past winter in the face of potential energy shortages.

Last year, USAID provided approximately \$11 million in support of a successful snap Presidential and parliamentary elections. While we have seen progress, the challenges facing Ukraine will not be solved overnight.

The conflict in Eastern Ukraine continues to destabilize the country, resulting in over 1.3 million internally displaced persons and 5.1 million people in need of humanitarian assistance. Ukraine will require a sustained commitment from the United States and the international community.

Turning to Moldova, Moldova has taken significant and meaningful steps toward Euro-Atlantic integration but faces substantial challenges, particularly from continued corruption and Russian propaganda.

U.S. assistance is strengthening democratic institutions and civil society, addressing corruption and improving the business regulatory environment and private sector competitiveness, especially through assistance to companies to enter new markets after a 2014 Russian trade embargo.

Turning to the Caucasus, in Georgia USAID's programs are aimed at economic growth, further U.S. integration—I am sorry, EU integration and strengthening civil society, democratic governance and independent media.

Targeted assistance also focuses on improving the livelihood and resilience of border communities that are particularly vulnerable to Russian pressure.

In Armenia, we are working with the government and civil society to strengthen decentralization and anti-corruption reforms and are supporting economic growth.

Turning to the Western Balkans, we are furthering EU integration and strengthening democratic governance and economic growth.

The recent crisis in Macedonia reminds us that we cannot take peace and stability in the Western Balkans for granted. Let me provide a few highlights of our efforts in the Balkans.

In Kosovo, USAID recently completed agricultural support which led to increased agricultural sales of over \$100 million and created over 6,000 jobs.

In Macedonia, USAID supports credible and independent reporting through its media fact-checking service. In Fiscal Year 2014, the service published almost 900 peer reviews of articles, produced over 90 critical disclosure analyses and published over 100 journalistic lessons that helped increase the media literacy of consumers.

In Serbia, we are supporting judicial reforms that are critical to Serbia's EU accession. USAID's work with six pilot courts resulted in reduction of backlogs by 55 percent, resolving more than 13,000 cases.

So in conclusion, Mr. Chairman, in a region facing some of its most significant challenges in decades, USAID will continue to seek to advance U.S. interests and goals while also maximizing our impact and resources.

The Fiscal Year 2016 budget request recognizes that even with competing priorities and difficult budget realities the United States must continue to play a critical leadership role in this region to achieve the goal of a Europe whole, free and at peace.

I look forward to answering your questions.  
[The prepared statement of Ms. Fritz follows:]



**Statement of Susan Fritz  
Acting Assistant Administrator, Bureau for Europe and Eurasia  
U.S. Agency for International Development  
Before the House Foreign Affairs Committee  
Subcommittee on Europe, Eurasia, and Emerging Threats  
“FY 2016 Budget Request for Europe and Eurasia”  
June 16, 2015**

Chairman Rohrabacher, Ranking Member Meeks, distinguished Members of the Subcommittee, thank you for inviting me to testify before you today regarding the Administration’s Fiscal Year 2016 budget request for the Europe and Eurasia region.

The mission of the U.S. Agency for International Development (USAID) is to partner to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. Historically, the United States (U.S.) and USAID have played a key role in Europe and Eurasia, where we have seen considerable advances in freedom, security, and prosperity. Twelve countries in the region have transitioned from receiving U.S. assistance, successfully integrating into the Euro-Atlantic community through institutions such as NATO and the EU and even providing assistance themselves to countries like Ukraine. Many of these countries now serve as important U.S. partners and allies in the region and globally. Even with this success, the region’s transformation is incomplete. In the remaining countries where we work, progress in key areas is uneven, gains are at risk, and in some cases we are seeing regression.

As members of the Committee are well aware, the past year has been a particularly challenging and unsettling one for the region. Russia’s aggressive acts in Ukraine and pressure throughout the region fundamentally threaten peace, stability, democracy and prosperity in the region and require greater focus, resolve, and resources. Russia, through its support of separatists, use of economic levers particularly in the energy sector, and a propaganda machinery, is undermining democratic and economic progress. While countries that share a border with Russia have borne the brunt of the pressure from Russia, the need for targeted support to Ukraine, periphery countries, and the Balkans is greater than before. Our steadfast support and commitment, across the region in Ukraine, Georgia, Moldova, and in the Balkans to help them on the path to further Euro-Atlantic integration, democratic consolidation, and economic prosperity, are extremely important. U.S. assistance remains critical to countering Russia’s pressure and realizing the U.S. foreign policy goal of a Europe whole, free, and at peace.

Given recent events in the region, the President has requested \$710.2 million in ESF for assistance to the region, out of a total of \$953.3 million total request for the region. This ESF assistance is an increase of \$103.3 million over levels made available in FY 2014, with additional funds targeted towards meeting critical needs in Ukraine, supporting

Georgia and Moldova's continued Euro-Atlantic integration, and strengthening the democratic and economic resiliency of countries to address mounting Russian pressure. Our assistance is focused on supporting democratic, economic, energy, justice-sector, and other reforms necessary to support continuing and emerging U.S. policy objectives, while also recognizing global budget constraints.

### **Ukraine**

Supporting Ukraine's ongoing democratic and economic transformation and comprehensive reform effort is our top priority. I want to thank Committee members for their steadfast commitment to our efforts responding to the events in Ukraine. Your leadership and support was critical to the U.S. providing a second \$1 billion loan guarantee to Ukraine last month that helped stabilize Ukraine's economy. Many of you have traveled to Ukraine, reinforcing the U.S. commitment to Ukraine's sovereignty and democratic transition, raising awareness of ongoing challenges, and gaining a deeper understanding of the situation on the ground.

USAID is well-positioned to work with Ukraine's reformist government, given our longstanding and multifaceted engagement with Ukraine following its independence in 1991. Our assets in the form of on-the-ground presence, institutional credibility, and development expertise enable our Mission in Kyiv to partner effectively with the Government of Ukraine, international partners, and civil society to realign our focus and programs to meet rapidly changing and expanding needs. Our Mission in Kyiv has worked diligently to apply the lessons learned from the Orange Revolution and build on the momentum from the Maidan movement to support reforms that will unlock systematic and sustainable change and allow the Ukrainian people to realize their dreams of peace, freedom, democracy, and prosperity.

USAID funding supports critical economic and political reforms necessary to stabilize Ukraine and help them chart a new course towards a more democratic and prosperous future. We work to:

- **Stabilize, Strengthen, and Grow the Economy:** USAID is helping the Government of Ukraine (GOU) implement critical economic reforms necessary to adhere to the IMF reform package and to stabilize, strengthen, and grow the economy for the people of Ukraine. These reforms include implementing anti-corruption efforts, rationalizing the energy sector and promoting energy efficiency, strengthening the performance of Ukraine's agricultural and SME sectors, and improving the operating and regulatory environment for private business. With GoU having signed an Association Agreement with the European Union (EU) that established a Deep and Comprehensive Free Trade Area (DCFTA), our assistance also helps Ukraine meet EU standards to enable their eventual integration into EU markets.

Ukraine has a legacy of endemic corruption that has pervaded its economy for decades and prevented sustainable growth and prosperity for the people of Ukraine. Eliminating opportunities for corruption is a cross-cutting focus for USAID and is integrated into all of our programming, in addition to stand-alone efforts. For example, USAID helps improve judicial accountability and independence and is supporting the GoU to implement a fair and transparent lustration process in the judiciary. Once the National Agency for Prevention of Corruption is established by the GoU, USAID will provide assistance to the Agency.

In energy, USAID provided critical technical assistance to help Ukraine keep the lights and heat on this past winter in the face of potential energy shortages.

In agriculture, USAID is helping deregulate the agricultural sector, eliminating mandatory grain silo inspections and machinery inspections, saving \$30 million per year.

The U.S. government has provided Ukraine crucial macro-economic support in the form of two \$1 billion loan guarantees, authorized by Congress. These loans allow Ukraine to access capital at reasonable rates as they address critical security, political, and economic challenges. These loan agreements also include conditions aimed at encouraging the GOU to address crucial areas of reform: from the financial sector, to the social safety net, to the energy sector, and anti-corruption.

- **Strengthen Democracy and Promote Effective Governance:** Demands for more democratic, accountable, and transparent governance were at the core of the Maidan movement. USAID continues to support a vibrant civil society, free and fair political competition, judicial reform, an open and diverse media environment, and enhanced anti-corruption measures for increased governmental accountability.

Last year, USAID provided approximately \$11 million, in coordination with other U.S. government efforts, to support the integrity of the electoral process in snap presidential and parliamentary elections, as part of an integrated package of U.S. assistance programs working towards this goal. These successful elections were critical for renewing the legitimacy of the Ukrainian government and were hailed as “democratic milestones” by the international community.

USAID is also the largest supporter of Ukraine's constitutional reform process, providing substantive input from international best practices and helping make the process more open and inclusive. In addition to these areas, USAID is supporting the Government of Ukraine's decentralization agenda through a program that helps restructure local governments and strengthens their connections with citizens.

Ukraine has one of the highest infectious disease mortality rates in Europe and has the fifth highest estimated number of multi-drug-resistant (MDR) TB cases in the world. The FY16 request includes \$6.1 million in Global Health Program assistance for HIV and TB. To date, through its TB program, USAID has provided anti-retroviral drugs to over 64,000 patients. It has also provided treatment for over 3,000 patients with MDR TB and has rolled-out electronic management for over 13,000 TB-infected patients in 25 oblasts, resulting in a doubling of TB detection rates.

While we have seen progress in key areas and are hopeful that the Government of Ukraine will continue to push forward and implement a robust reform agenda, the challenges facing Ukraine will not be solved overnight. In order to be successful, Ukraine will require a sustained commitment from the United States and the international community. For example, although the conflict in the east has stabilized somewhat since the signing of the Minsk Implementation Plan on February 12, there are over 1.3 million internally displaced persons (IDPs) and 5.1 million people in need of humanitarian assistance throughout Ukraine. Helping integrate these IDPs and working on reconciliation and rebuilding efforts in the eastern Ukraine will require continued work over the months and years to come. Although the U.S. Government has been able to fund over \$61 million in humanitarian assistance to Ukraine so far, additional needs remain and could grow if the conflict continues.

Ukraine's success is not only critical to the people of Ukraine, but also has implications throughout the region. As the Vice-President stated at the Munich Security Conference, "we need to remain resolute and united in our support of Ukraine.... What happens there will resonate well beyond Ukraine." In my travels and meetings with partners in the region, they are watching what happens in Ukraine. Our sustained commitment to Ukraine's success is critical to our credibility and work in surrounding countries, which are also dealing with important choices on their future direction and facing similar external pressures.

### **Moldova**

Moldova has taken significant and meaningful steps on reforms and towards greater European integration. Our assistance helps them meet the requirements of the Association Agreement that Moldova signed with the European Union last June, establishing a

DCFTA. Despite this progress, Moldova faces significant challenges, particularly from Russian pressure and continued corruption. U.S. assistance will strengthen democratic institutions, especially the justice sector, address corruption and will promote a decentralized, participatory, and democratic political environment. Our assistance will focus on promoting a more dynamic civil society and independent media, with citizens empowered to shape parties and the political process. Anti-corruption is a cross-cutting element of all of our programs, which seek to decrease opportunities for corruption and increase transparency. Programs also will aim to raise living standards by improving the business regulatory environment and private sector competitiveness, especially through assistance in entering new markets. A 2014 Russian trade embargo on Moldovan fruits has become a catalyst for Moldova to reorient exports to new markets. With USAID technical assistance, Moldova had its initial shipment of apples to Bangladesh, the first time a Moldovan food product had found a market in that part of South Asia. Two 20-ton containers of apples made the five-week, 8,000-kilometer journey in December 2014. The buyer in Bangladesh, a food wholesaler, reported that the Moldovan apples sold out within three days and expressed interest in buying 100 more containers in this season alone.

### **Caucasus**

Due to tough tradeoffs in the region, USAID assistance in Armenia and Azerbaijan has declined in the FY 2016 ESF request, but the request for Georgia represents a 27 percent increase in ESF above levels made available in FY 2014. This increase will be used to consolidate and advance democratic and economic reforms, while mitigating external threats, with the goal of anchoring Georgia firmly in the Euro-Atlantic community.

- In **Georgia**, USAID's work is central to continued U.S. efforts to strengthen Georgia's democracy, help it resist Russian aggression, and support further EU integration. Georgia continues to make significant progress in its democratic transition and we continue to work with the Georgian government to ensure these gains are resilient. USAID's programs are aimed at economic growth and harmonization with the EU and strengthening civil society, democratic governance and independent media. Targeted assistance also focuses on improving the livelihood and resiliency of border communities that are particularly vulnerable to Russian pressure. In the areas close to the Administrative Boundary Lines (ABLs), with Georgia's separatist regions of South Ossetia and Abkhazia and suffering under the Russian-backed "borderization" of the ABLs, USAID support for 20 small-scale infrastructure activities, such as potable water systems, irrigation channels, drainage and village roads benefit up to 4,000 households. Income-generating activities, which provide vocational training, access to loans, trade-specific toolkits, and microenterprise assistance, will benefit at least 2,000 vulnerable households from

selected communities along the ABLs and help them remain in their communities and not become IDPs.

- In **Armenia**, we see opportunities to build on our engagement with the Armenian government. We are encouraged by the reports of a potential new EU-Armenia agreement. We will continue to focus on democracy and governance, economic growth, and social protection and health. We are working with both the government and civil society to strengthen reforms in the areas of decentralization and anti-corruption. For example, USAID helped the Armenian Ministry of Labor and Social Affairs create a state-of-the-art e-governance platform for “one-stop-shop” social service centers, which has increased transparency and benefited more than 210,000 citizens seeking protection services.
- In **Azerbaijan**, despite restrictive NGO legislation and other challenges, we continue to look for opportunities build the capacity of civil society, support the growth of non-oil sectors of the economy, and advance participatory and transparent democracy and governance processes.

### **Western Balkans**

Supporting further EU integration of the Western Balkans and strengthening democratic governance in this important region remains central to achieving a Europe “whole, free and at peace.” Despite important progress, including Croatia and Slovenia joining the EU and Montenegro’s ongoing accession negotiations, countries in the Western Balkans face old and new challenges, including stalled EU integration, backsliding on reforms, and increased external pressure from Russia. As a backdrop to these challenges U.S. levels of assistance in the Balkans have decreased as we have shifted funding to address the challenges in Ukraine and growing external pressures in the region. The recent crisis in Macedonia reminds us that we cannot take peace and stability in the Western Balkans for granted.

The FY 2016 request reflects the tough choices we had to make as needs continue to increase in the region. It takes into account a number of different factors from the role of the EU in the Balkans to the broader U.S. foreign policy objectives. However, we have demonstrated that we can continue to have meaningful impact through targeted programs and must continue our engagement in the region.

- In **Albania**, USAID has been very effective at helping Albanian farmers access capital, both from the private sector and from EU sources. Despite modest funding, we helped achieve macro-level impacts in agricultural exports and investment, with bank lending to this sector doubling and Albanian agriculture exports increasing 28 percent last year.

- In **Bosnia**, USAID partnered with the Swedish International Development Agency (SIDA) in local economic development; SIDA committed \$10 million, thus increasing overall impact. Similarly, USAID's agricultural markets activity was jointly funded with SIDA, with \$9.5 million from each, and has resulted in a 54 percent increase in sales for the companies that participated in the program.
- In **Kosovo**, USAID's agricultural support program that ended in December 2014 led to increased sales of \$102.4 million and created 6,153 full time jobs by improving technologies, expanding and diversifying production, and developing new market linkages. USAID's engagement with the Government of Kosovo and energy regulators also led to the successful privatization of the electricity supply, garnering \$340 million in private sector investment to upgrade Kosovo's electricity network. This support led to a doubling of revenue from \$108 million to \$212 million due to dramatic improvements in billing and collection.
- In **Macedonia**, USAID supports credible and independent reporting through its Media Fact Checking Service. In FY 2014, the Service published 877 peer reviews of articles, produced 91 critical disclosure analyses and published over 100 journalistic lessons that helped increase the media literacy of its consumers.
- In **Serbia**, an efficient and independent judiciary has been singled out by the EU as a critical condition for Serbia's EU accession efforts. USAID's focus on court efficiency resulted in the reduction of backlogs in six pilot courts by 55 percent, resolving more than 13,000 cases.

At a Senate hearing in March, Secretary Kerry, in response to a question regarding Russian influence in the region, stated, "Whether it's Serbia, Kosovo, Montenegro, Macedonia, other places — they are all in the firing line." We are in the process of realigning our programs in the Western Balkans due to significant budget reductions, but will continue to focus on the reforms required for EU accession that strengthen rule of law and fight corruption, promote democracy and good governance, and foster market-oriented economic growth. These are all areas that will help the countries in the Balkans continue to orient themselves towards Euro-Atlantic integration and bolster their resilience to external pressures.

### Conclusion

In a region facing some of its most significant challenges in decades, USAID will continue to seek opportunities to maximize our impact and stretch resources. We know that the United States cannot address these challenges alone. Throughout the region, we are working hand in hand with a broad range of partners to further U.S. assistance and foreign policy priorities, build deeper cooperation with the EU, international financial institutions and other partners, and leverage the impact of our assistance.

At the 70<sup>th</sup> anniversary of D-Day last June, President Obama described Normandy as “democracy’s beachhead,” stating “We worked to turn old adversaries into new allies. We built new prosperity. We stood once more with the people of this continent through a long twilight struggle until finally a wall tumbled down, and an Iron Curtain, too. And from Western Europe to East, from South America to Southeast Asia -- 70 years of democratic movement spread. And nations that once knew only the blinders of fear began to taste the blessings of freedom.”

Since World War II, the United State has played a special role in the region promoting democracy and improving peoples’ lives. While the FY 2016 budget request recognizes increasing regional needs, it also recognizes that the United States has an important leadership role to play and must remain engaged in the region.

We appreciate the continued support for Europe and Eurasia from members of this Committee. I appreciate the opportunity to testify and welcome your questions.



Mr. ROHRABACHER. Thank you very much.  
Mr Rosenblum.

**STATEMENT OF MR. DANIEL ROSENBLUM, DEPUTY ASSISTANT  
SECRETARY FOR CENTRAL ASIA, BUREAU OF SOUTH AND  
CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. ROSENBLUM. Thank you, Mr. Chairman. I ask that my full written statement appear in the record.

Mr. ROHRABACHER. Without objection, so ordered.

Mr. ROSENBLUM. Chairman Rohrabacher and members of the subcommittee, I am here today to focus on Central Asia and that portion of our request.

Some of Central Asia's most serious challenges such as transnational crime, narcotics trafficking, terrorism and violent extremism directly affect U.S. national interests and require us to work closely with the countries of this region.

And while U.S. security is directly tied to a stable Central Asia, the region's energy resources and transport corridors can help drive economic growth that benefits the region and the entire world economy.

So the President's Fiscal Year 2016 request of \$155.7 million, which supports sovereignty, security, good governance and economic development in Central Asia, is also supporting a safer and more secure United States.

And this support should also help these countries reduce their dependence on Russia or on any other single power. Regionally, we are focusing on creating open and secure borders while improving economic linkages among the Central Asian states and with their neighbors to the south, east and west.

Our connectivity efforts are organized under what we call the new Silk Road initiative and focus on creating an energy market, improving trade and transport infrastructure, streamlining customs and border procedures and enhancing business networks and people-to-people ties.

We are also working with Kazakhstan to help it join Tajikistan and the Kyrgyz Republic as WTO members. And on that note, we are insistent that the Eurasian Economic Union shouldn't raise barriers to trade nor impair the ability of its members to enter into other trade relationships or fulfill their international commitments.

We know that the Central Asian governments' records on human rights have been flawed and that improvement is slow and inconsistent. Once step forward is often followed by two steps back.

We also know that long-term stability cannot be achieved by restricting the free and peaceful expression of political and religious views which, as we often remind these countries, is a shortsighted and counterproductive strategy.

So by seeking to build civil society and by promoting the rule of law, our assistance seeks to create more space and tolerance for peaceful dissent and religious expression.

It is important to note that while we often speak about Central Asia as a monolithic region, in fact nothing could be further from the truth. It is five individual countries, each with their own unique history, culture, development needs and external policies.

Kazakhstan, with its abundant natural resources and well-educated younger generation, is the region's largest and most advanced economy and shares U.S. priorities in regional security, non-proliferation, counterterrorism, energy security and climate change.

Kazakhstan's likely accession to the WTO in a very short time from now and its rapidly growing middle class offer many new opportunities for U.S. companies. But Kazakhstan's advances in the economic sphere have not been matched by the same amount of progress in developing a vibrant civil society or strong human rights protections.

So we are working to develop institutions within the government and civil society that can advance those goals.

In the Kyrgyz Republic, democracy's roots are growing gradually and we continue to support nascent government institutions. The success of economic and political reforms is not guaranteed here and we will continue to make the investments in good governance that will strengthen this young parliamentary democracy's resilience.

Tajikistan faces severe challenges including economic stress and social tension resulting from the decline of remittances from Tajik migrants—migrant workers in Russia.

These remittances sustain the Tajik economy but will reportedly decline by at least 20 percent this year. On the security side, we are working to enhance the capacity and professionalism of Tajikistan's military, border security, law enforcement and judicial institutions.

Turkmenistan also shares a long border with Afghanistan, which it has assisted with discounted electricity, humanitarian aid and infrastructure development. It also faces significant challenges in securing its borders against criminal and terrorist activities.

So our cooperation with Turkmenistan is focused on enhancing its ability to maintain secure borders while also addressing its restrictions on human rights.

Finally, Uzbekistan and its geographical position in Central Asia make it strategically important for regional security. It also shares a border with Afghanistan as the most populous country in Central Asia.

Our priorities are to help Uzbekistan maintain safe and secure borders while developing more responsive and open institutions.

Mr. Chairman, despite its significant challenges, Central Asia has tremendous potential to become a major nexus for global trade and energy flows. Our assistance and diplomacy can help achieve this vision, and I look forward to your questions.

[The prepared statement of Mr. Rosenblum follows:]

**Testimony of Deputy Assistant Secretary Daniel Rosenblum**  
**Bureau of South and Central Asian Affairs, Department of State**  
**“Reviewing the Administration’s FY 2016 Budget Request for Europe and Eurasia”**  
**House Foreign Affairs Subcommittee on Europe, Eurasia, and Emerging Threats**  
**June 16, 2015**

Introduction

Chairman Rohrabacher, Ranking Member Meeks, members of the subcommittee: thank you for the opportunity to testify on how the President’s FY 2016 budget request supports U.S. interests in Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

Since the fall of the Soviet Union nearly 25 years ago, the United States has supported the sovereignty, territorial integrity, and independence of the states of Central Asia, while also promoting the political and economic reforms that can ensure their long-term stability and prosperity. U.S. security is directly tied to a stable Central Asia. Central Asia’s energy resources and transport corridors can help drive regional and global economic growth in the decades to come. And some of Central Asia’s most serious challenges – such as transnational crime, terrorism, violent extremism, and climate change – affect our national interests as well, and require us to work closely together with them.

The FY 2016 request of \$155.7 million in foreign assistance for Central Asia, is \$6.3 million higher than 2014 and reflects the United States’ role in supporting sovereignty, security, good governance, human rights, and economic development in all five countries, as well as the potential of improved regional economic connectivity. This support should help these countries reduce their dependence on Russia, while at the same time countering false narratives propagated by Russian media about U.S. interests and intentions in Central Asia.

We recognize that the Central Asian governments’ human rights records remain flawed, and that the pace of improvement is often slow and inconsistent. We continue to urge these states at the highest levels to address violations of their international human rights obligations. These are not always easy conversations, but we know that our relationships will not reach their full potential without respect for human rights and fundamental freedoms among our partners. And, from our own experience, we know that long-term stability and national strength is best achieved by allowing the free and peaceful expression of political and religious views.

Regional Strategy

Our regional approach is focused on maintaining a secure and stable Central Asia and supporting the independence and territorial integrity of each of the five countries of Central Asia. We continue to work to create open and secure borders and improving economic linkages among Central Asia and its neighbors to the west, south, and east. Our connectivity efforts are organized under our New Silk Road initiative and focus on creating an energy market, improving

trade and transport infrastructure, streamlining customs and borders procedures, and enhancing business networks and people-to-people ties.

We have seen significant progress on the \$1.2 billion CASA-1000 electricity grid, which aims to bring surplus summer hydropower from the Kyrgyz Republic and Tajikistan to energy-hungry Afghanistan and Pakistan. While we brought some financial resources to this project – about \$15 million – we also made sustained diplomatic efforts to bring together a group of countries that had never worked together on a development project before. International financial institutions and donors have recently announced pledges that virtually erase the remaining financing gap, removing one of the last major obstacles for the project.

We are also working to improve north-south trade and transport infrastructure through Central Asia so that its states can benefit from the burgeoning markets of South Asia, a region of over 1.7 billion consumers with a rapidly growing middle class. These efforts entail more than just new roads and rails – equally important is getting the right regulatory policies in place so that trade is fair, efficient, and fast.

That's why we've also supported World Trade Organization membership for the states of Central Asia, which provides them a global trade platform with a transparent and enforceable rules-based system. We're now working with Kazakhstan and Afghanistan to help them join Tajikistan and the Kyrgyz Republic as WTO members. The WTO announced just last week that Kazakhstan had finalized negotiations on its membership terms with WTO members.

On that note, I should also mention the Eurasian Economic Union (EAEU), which Kazakhstan has already joined and the Kyrgyz Republic will soon join. While the EAEU can bring down border-crossing times between its members, its expansion should not raise the barriers to trade nor impair the ability of its members to fulfill their other trade commitments, especially those to the WTO, or enter into other trade relationships.

Recent years have actually seen China overtake Russia as the largest trading partner with the Central Asian region. China has also announced its "One Belt, One Road" initiative, which is reported to involve tens of billions of dollars in infrastructure investment, aiming to increase Chinese imports of natural resources and provide its exports with better access to the markets of Central Asia, South Asia, and Europe. Some of China's efforts to improve economic connectivity in Central Asia can be complementary with our own, and we are in consultations with them on the topic.

Before I dive into country specifics, I'd like to briefly address the topic of foreign fighters from Central Asia in the conflicts in Syria and Iraq. We are working closely with our partners in the region on information sharing and border security, legal reform and criminal justice responses, and countering violent extremism to prevent recruitment and radicalization to violence.

Research suggests that the vast majority of Central Asian fighters in Syria and Iraq are recruited while outside their own countries, mostly while in Russia, where millions of them live as migrant workers. So, in addition to the above, a key element in tackling foreign fighter recruitment is our efforts to improve the prospects for Central Asians to find employment and build skills at home,

where radicalization to violence is less likely to take place, and to improve labor rights and working conditions in destination countries for migrant workers. Regionally, we are supporting a Countering Violent Extremism Summit that the Government of Kazakhstan is scheduled to host in Astana later this month, and which plans to focus on eight priority areas, from assessing the drivers and threats of violent extremism to counter-messaging to government-community collaboration.

#### Kazakhstan

Kazakhstan is a leading partner in countering violent extremism and shares U.S. priorities in regional security, nonproliferation, counterterrorism, counter-narcotics, energy security, and climate change. Kazakhstan's likely accession to the World Trade Organization in the near future and its rapidly growing middle class offer many new opportunities for U.S. businesses to augment the billions of dollars they have already invested in Kazakhstan. Kazakhstan is also a key partner in promoting stability in Afghanistan looks to support development projects there through its KazAID agency.

On the security side, we plan to continue to work with Kazakhstan to enhance the capacity and professionalism of its military and enable it to contribute to U.N. peacekeeping missions.

Our assistance programs in Kazakhstan are helping to build democratic institutions by supporting civil society, increasing access to information, strengthening citizen initiative groups, promoting an independent judiciary, and encouraging the protection of human rights.

Unfortunately, Kazakhstan's efforts to reduce the threat of terrorism and violent extremism have also been expressed in the form of legislative changes that narrowed religious freedom, in addition to a revised Criminal Code that may increase pressure on civil society and peaceful political activity. Ultimately, Kazakhstan's lasting stability and economic success will require progress in developing the rule of law, good governance, and democratic institutions.

#### Kyrgyz Republic

Democracy's roots are growing gradually in the Kyrgyz Republic, which is the only parliamentary democracy in the region, and where we continue to support nascent government institutions, building capacity for government oversight, leadership and management, and legislative drafting. Our assistance and our exchange programs also emphasize rule-of-law reforms, support a more open civil society, and create new educational opportunities. The Kyrgyz Republic also has one of the most liberalized foreign investment regimes in Central Asia.

But the durability of these economic and democratic reforms is not guaranteed and we remain watchful as draft legislation threatens to narrow space for civil society and the protection of human rights. If the right investments are made in improving governance – increasing accountability and improving service delivery – then we can strengthen the resilience of the Kyrgyz Republic's tremendous progress and unlock future growth and prosperity, helping this young democracy to flourish.

### Tajikistan

On the security side, we are working to enhance the capacity and professionalism of Tajikistan's military, border security, law enforcement, judicial institutions, and broader security apparatus. These efforts should help Tajikistan contribute to regional security and stability, especially in light of its lengthy and mountainous border with Afghanistan. Tajikistan needs our continued assistance to help secure its borders from terrorists and transnational criminals involved in the trafficking of weapons, narcotics, and persons.

The president's request for FY 2016 also provides resources to help Tajik institutions address challenges, including economic stress and social tension, resulting from the decline of remittances from Tajik labor migrants in Russia. These remittances sustain the Tajik economy, but have reportedly already seen a 20% reduction this year. We have also received reports of tens of thousands of migrant workers returning from Russia to Tajikistan, where employment prospects are uncertain at best.

Our efforts will focus on enhancing employment prospects in Tajikistan through expanding markets and encouraging skills development. We are also encouraging the government of Tajikistan to bring its business and labor regulations into conformity with internationally recognized standards. As I said earlier a key element in tackling foreign fighter recruitment is our efforts to improve the prospects for Central Asians to find employment and build skills at home, where radicalization to violence is less likely to take place, and to improve labor rights and working conditions in destination countries for migrant workers.

In all of our efforts, we work to improve the government of Tajikistan's respect for human rights. We are focused on showing Tajikistan the benefits of open and transparent government and security institutions that protect the legal rights of its citizens. Unfortunately, the government of Tajikistan has unduly restricted the space for opposition voices, independent media, and religious freedom, which is both shortsighted and counterproductive. We continue to work with the government to reverse this trend, and the assistance in our FY2016 budget request will help achieve this goal.

### Turkmenistan

Turkmenistan also shares a long border with Afghanistan and faces significant challenges securing its borders against criminal and terrorist activities. At the same time, Turkmenistan has assisted Afghanistan with discounted electricity, humanitarian aid, and infrastructure development. Our efforts with Turkmenistan are therefore focused on enhancing Turkmenistan's ability to maintain safe and secure borders.

Turkmenistan has restricted fundamental freedoms and hindered the development of a meaningful civil society, effective educational institutions, and diverse or inclusive economic growth. These factors limit the potential of our own programs to have an impact. But we continue to explore opportunities to facilitate positive development, such as helping the government to improve its educational system. Turkmenistan supports expanded regional energy

trade and more effective coordination on cross-border water issues, efforts we reinforce through our assistance programs.

#### Uzbekistan

Uzbekistan's geographical position in Central Asia makes it strategically important for regional security and, potentially, for greater economic connectivity. Uzbekistan also shares a border with Afghanistan and is the most populous country in Central Asia. Our priorities are to help Uzbekistan to maintain safe and secure borders, develop more responsive, resilient and open political, economic, and social institutions that can meet the aspirations of its growing and relatively young population.

We continue to engage the government on prison conditions, the plight of higher-profile prisoners of concern, religious freedom, and freedom of expression. For several years, we have also been working with Uzbekistan to improve labor rights and eliminate the dependence on forced labor, especially in the cotton sector. While much remains to be done, we have seen some progress, including Uzbekistan's decision to sign a Decent Work Country Program agreement with the International Labor Organization and to issue a nationwide prohibition on the participation of children in the cotton harvest. We will continue to work with Uzbekistan to advance progress on labor rights.

While the diplomatic environment remains challenging, and Uzbekistan's record on human rights still leaves a lot to be desired, we continue to address human rights concerns at the highest levels, and repeatedly stress that long-term stability and security cannot be achieved without respecting human rights and fundamental freedoms.

#### Conclusion

Mr. Chairman, as you can see, the United States has important and abiding interests in the security, stability, and economic growth of Central Asia, a region that borders Afghanistan, Russia, China, and Iran, and faces significant challenges with regards to terrorism, transnational crime, and climate change. Despite these challenges, Central Asia has tremendous potential to become a major nexus for global trade and energy flows, driving economic growth in the region and beyond. U.S. resources can help achieve this vision, while also improving the conditions for good governance, civil society, inclusive economic growth, and the political and religious freedom that can bring about lasting peace and stability.

Thank you and I look forward to your questions.

Mr. ROHRABACHER. Thank you very much for your testimony.  
Mr. Stivers.

**STATEMENT OF THE HONORABLE JONATHAN STIVERS, AS-  
SISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY  
FOR INTERNATIONAL DEVELOPMENT**

Mr. STIVERS. Chairman Rohrabacher, distinguished members of the subcommittee, thank you for the invitation to testify today on the role of USAID in advancing our foreign policy goals in Central Asia.

It is always an honor to testify before this committee and be back in the people's House. President Obama's Fiscal Year 2016 budget request of \$155.7 million for foreign assistance in Central Asia reflects a sustained commitment to American involvement in the region and the broader area, including Afghanistan and Pakistan.

In Central Asia, USAID is working through three primary approaches—one, promoting economic growth and regional connectivity; two, tackling development challenges of global consequence; and three, supporting democratic governance.

First, on economic growth and regional connectivity, Central Asia is one of the least economically integrated regions of the world with intraregional trade accounting for less than 5 percent of total trade.

With little economic opportunity at home, hundreds of thousands are forced to migrate in search of work. In Tajikistan, Russian-derived remittances account for 50 percent of GDP and for neighboring Kyrgyz Republic, it is about a third of GDP.

This year alone, more than 1 million Central Asians will return home from Russia without funds or employment prospects.

USAID is working to expand economic opportunity through a dual-pronged approach of promoting domestic reforms to support economic growth and regional connectivity efforts. USAID focuses on strengthening the business-enabling environment, access to market and private sector and agricultural competitiveness, and the U.S. Government's new Silk Road initiative is key to efforts to bind the region to the markets in South Asia through Afghanistan.

Second, we are tackling the development challenges and threats to stability. On global health, some of the highest rates of multidrug-resistance tuberculosis in the world are in Central Asia.

The time between testing and diagnosis used to take almost a month. Patients had no choice but to return to their community as they awaited their diagnosis, thereby risking the spread.

USAID has recently introduced cutting-edge technology from California called Gene Expert that diagnoses drug-resistant multidrug-resistant TB strains in hours instead of weeks.

USAID is also partnering on adaptation of Kazakhstan's wheat sector. More frequent droughts are a major challenge and any reduction in wheat production has significant repercussions for regional food security.

Our efforts include promoting agricultural practices such as the use of drought- and heat-resistant wheat varieties and forecasting models to inform harvesting decisions and improve yields.

Third, promoting democratic governance and empowering civil society is our key priority. Fighting poverty is often less a question of funding but also of effectively addressing the underlying struc-



tural problems with governance that prevent many countries from realizing their potential.

At the core of our engagement across the region are empowering reformers who are standing up for human rights and fundamental freedoms, all foundational to lasting stability and prosperity.

Next, I will highlight other key assistance areas in the five countries of Central Asia. In the Kyrgyz Republic, it is the only parliamentary democracy in the region.

The country has continued to consolidate its democratic system with the first democratic transfer of power in Central Asia in 2011. The upcoming parliamentary elections this fall and the Presidential elections in 2017 will be critical, as the system remains fragile.

Our partnership offers an alternative to the authoritarian models in the region. U.S. assistance supports continued parliamentary development, judicial reform and consolidation of an electoral process that continues to reflect the will of the people.

Tajikistan shares an 800-mile border with Afghanistan and is a lynchpin for security and stability in Central Asia. Seventy-five percent of Tajikistan's labor force is dependent on agriculture for their livelihoods, yet one in four children suffer from stunting, which is chronic malnutrition that stunts a child's growth in early ages. Boosting agricultural productivity is essential to improving lives.

In Tajikistan's poorest province, the Feed the Future initiative helps households increase their production of profitable and nutritious crops.

In Uzbekistan, our assistance contributed to the adoption of a judicial code of ethics and expanded defendant rights. Uzbekistan is also a source country for human trafficking and USAID works to combat the illegal practice.

In Kazakhstan, we support economic diversification, combatting human trafficking, independent media and efficiency and transparency of the court system.

And in Turkmenistan, one of the most isolated states in the world, U.S. assistance improves access to outside information, education and communication between the government and civil society.

Thank you for the opportunity to share what USAID is doing in Central Asia and I welcome any advice, thoughts or questions you may have.

[The prepared statement of Mr. Stivers follows:]

**STATEMENT OF JONATHAN STIVERS**  
**Assistant Administrator for Asia**  
**United States Agency for International Development**  
 Before the

House Committee on Foreign Affairs; Subcommittee on Europe, Eurasia and Emerging Threats  
*Reviewing the Administration's FY 2016 Budget Request for Europe and Eurasia*  
 June 16, 2015 from 2:00 to 5:00 p.m.

Chairman Rohrabacher, Ranking Member Meeks and Distinguished Members of the Subcommittee:

Thank you for the invitation to testify on the role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy goals in Central Asia. It is always an honor to testify before the committee. I am pleased to be here alongside my colleague from USAID, Susan Fritz, Acting Assistant Administrator for the Bureau for Europe and Eurasia, as well as my colleagues from the U.S. Department of State, Alina Romanowski, Coordinator of U.S. Assistance to Europe and Eurasia, and Daniel Rosenblum, Deputy Assistant Secretary for Central Asia.

U.S. development assistance plays a vital role in combatting the causes of instability that pose threats not only in far-off places, but also here on our own shores — threats such as conflict, the spread of infectious diseases, human suffering, lack of economic opportunity, and weak systems of governance that fail to meet the needs of the people. USAID partners to end extreme poverty and promote resilient, democratic societies while advancing our own security and prosperity. Through the advancement of broad-scale human progress in countries across the globe, our foreign assistance expands stable, free societies that provide lasting alternatives to otherwise destabilizing forces, while also creating markets and trade partners for the United States and fostering goodwill abroad — all with less than 1 percent of the total federal budget.

President Barack Obama's fiscal year (FY) 2016 budget request of \$155.7 million for Department of State and USAID foreign assistance in Central Asia reflects a sustained commitment to American involvement in a strategically important region. Central Asia's success has profound implications for the broader area, including Afghanistan and Pakistan. Yet the disparate countries of Central Asia face ever-more complex challenges in charting their own course. The region's stability and prosperity are continually compromised by crippling development challenges, the influence of neighbors — especially Russia, and broader regional threats such as the violent extremism that exerts an increasing pull over a growing number of young, jobless labor migrants.

U.S. assistance provides balance as well as choices for Central Asian countries to develop the wherewithal to determine their own futures. USAID is strengthening democratic governance systems and helping to shape regionally and globally connected economies not wholly dependent on remittances, as well as meeting urgent human needs through a focus on health, food security and modest but important support to specific issues like combatting human trafficking.

In Central Asia, USAID is working through three primary approaches:

### **1. Economic Growth and Regional Connectivity**

Central Asia is one of the least economically integrated regions in the world, with intraregional trade accounting for less than 5 percent of total trade. This has vast repercussions for everything from lack of investment in critical transportation infrastructure and education systems to lack of people-to-people connections that foster mutual understanding and strengthen foreign relations.

With little economic opportunity at home, hundreds of thousands of workers are forced to migrate in search of work, making the countries of Central Asia heavily dependent on remittances from abroad. Tajikistan has the most remittance-dependent economy in the world, with Russian-derived remittances accounting for an estimated 50 percent of gross domestic product (GDP). For neighboring Kyrgyz Republic, it's about a third of its GDP. However, it is expected that this year alone more than one million Central Asians will return home from Russia due to its economic downturn — without funds or employment prospects.

USAID is working to expand economic opportunity for the people of Central Asia — half of whom are under the age of 30. Our dual-pronged approach focuses on domestic reforms to spur economic growth and regional efforts to connect the economies of Central Asia to each other and their neighbors in South Asia.

To spur economic growth, USAID focuses on strengthening the business enabling environment, access to markets, and private sector and agricultural competitiveness — for example through increased cold storage capacity that extends the life and market reach of produce. In recent years, USAID helped Kazakhstan improve from 74<sup>th</sup> to 59<sup>th</sup> on the World Bank Doing Business survey. We also help connect Central Asian economies to the global market through macroeconomic reform assistance to ensure compliance with worldwide, rules-based, transparent frameworks. USAID helped Tajikistan and the Kyrgyz Republic accede to the World Trade Organization (WTO) and provides expertise and training to Kazakhstan and Turkmenistan on accession. In Turkmenistan, USAID contributed to the Ministry of Finance adopting National Financial Reporting Standards, which should unlock increased trade and investment.

At the center of regional connectivity efforts is the U.S. Government's New Silk Road initiative to revive trade and people-to-people connections that used to bind Central to South Asia through Afghanistan and bolster economies across the Asian continent. Through efforts to connect markets in Afghanistan, Central Asia, Pakistan, India and beyond, the initiative encourages common interests and economic activity as stabilizing factors for peace in the region. A key component is the promotion of a regional energy market that connects Central Asia's abundant energy resources with energy-deficient South Asia.

In support of a Central Asia-South Asia regional electricity grid (CASA-1000), USAID provides technical assistance on the negotiation and implementation of operating agreements. In April 2015, the project took a major step forward with the signing by all four countries of a master agreement in Istanbul, paving the way for construction to begin. This and other milestones achieved build on years of USAID assistance helping countries develop and implement modern

energy sector management, regulation and governance structures that today make sustainable energy trade between Central and South Asia possible.

## **2. Tackling crippling development challenges of global consequence**

USAID is addressing transnational threats to stability and development challenges in Central Asia through the key presidential initiatives: the Global Health Initiative, with a focus on advancing the President's Emergency Plan for AIDS Relief (PEPFAR); the Global Climate Change Initiative; and Feed the Future.

On global health, some of the highest rates of multidrug-resistant tuberculosis (MDR-TB) in the world are in Central Asia, where residents are highly migratory due to lack of employment opportunities. Not only does this perpetuate transmission of the airborne disease, but it also exacerbates drug resistance as migrants may have limited access to health care or interrupt treatment to go abroad.

In addition to increasing access to diagnosis, treatment and care services; strengthening the monitoring and evaluation capacity of national tuberculosis programs; and helping put in place pharmaceutical manufacturing regulations that meet international standards, USAID is introducing cutting-edge technology from California called GeneXpert that diagnoses drug-resistant TB strains in hours instead of weeks. I recently had the opportunity to see this technology in action in the region, where our initial support has dramatically reduced the time in which patients get diagnosed and treated and spurred follow-on investment from governments.

Further, USAID is at the forefront of bringing a new treatment drug for MDR-TB to Central Asia. The drug — called bedaquiline — is the first TB-specific drug to be introduced in over 40 years. Moreover, bedaquiline treats patients suffering from TB strains resistant to the two most effective anti-TB drugs available today. USAID and Janssen Pharmaceuticals are partnering to bring the new drug to Central Asia through a global donation program launched in April. USAID will also provide technical assistance to ensure the drug's rational use, accurate oversight and reporting of adverse events. Given the severity of MDR-TB in Central Asia, this new treatment can be a game-changer in increasing cure rates and reducing the rate of new infections.

Water scarcity is another major transnational threat to stability and economic growth that faces the Central Asia and Afghanistan region. The challenges of poor water management across borders, outdated infrastructure and escalating demand for irrigation and hydropower are exacerbated by increasing temperatures that shrink the glaciers that feed the region's rivers. USAID is addressing these challenges by providing regional and local interventions to transform water from a potential source of conflict into a tool for regional cooperation. Together with a local organization, USAID established water councils along strategic waterways straddling Central Asian borders that help constituents from different countries avert conflict by reaching mutually acceptable solutions to sensitive water issues.

More frequent droughts are a major challenge in Central Asia's wheat growing areas. With bread being a mainstay of the Central Asian diet, any reduction in wheat production has significant repercussions for regional food security — particularly in Tajikistan, which imports the majority of its wheat from Kazakhstan, the world's seventh largest wheat exporter. In fact, a severe

drought in 2012 slashed Kazakhstan's wheat harvests by half, contributing to a worldwide food shortage that led to the World Bank issuing a global hunger warning.

USAID is partnering with the Government of Kazakhstan to catalyze the adaptation of Kazakhstan's wheat sector to these changing climate conditions. Activities include promoting climate-resilient agricultural practices such as the use of drought- and heat-resistant wheat varieties, and supporting the development of weather and climate forecasting models to inform planting and harvesting decisions and improve yields. At the same time, in Kazakhstan, USAID is promoting the fortification of wheat flour with essential nutrients that can help improve the nutrition deficiencies so prevalent in Central Asian nations.

### **3. Promoting democratic governance and empowering civil society**

Fighting poverty is often not just a question of funding but also of effectively addressing the underlying structural problems with governance that prevent many countries from realizing their potential. We know that accountable and transparent governments offer the best chance for peace and prosperity. At the core of our engagement across the region are our efforts promoting democratic governance and empowering reformers to stand up for human rights and fundamental freedoms — all foundational to the lasting stability and prosperity that we seek.

In line with the President's Stand with Civil Society initiative, we support cross-border cooperation among civil society organizations from across Central Asia and Afghanistan to help amplify their voice on both domestic and regional issues. Throughout the region, we continue to identify and pursue opportunities across our programming where we can effectively support civil society's endeavors to support lasting reform. In authoritarian Uzbekistan, our efforts contributed to new social partnership and public oversight laws which will, for the first time, give civil society organizations the legal right to monitor and report on government performance. As an informed and engaged citizenry is essential to accountable governance, we also support media training programs that have helped to create a new generation of journalists at independent stations in Kazakhstan, Kyrgyz Republic and Tajikistan. These programs build on our past success empowering civil society to successfully advocate for increased access to digital broadcasting frequencies for non-governmental television stations in several countries.

Next, I'll highlight other key assistance areas for Kyrgyz Republic, Tajikistan, Uzbekistan, Kazakhstan and Turkmenistan.

#### **Kyrgyz Republic**

The Kyrgyz Republic is the only parliamentary democracy in the region and a committed U.S. development partner. The country has continued to consolidate its democratic system with the first democratic transfer of power in Central Asia in 2011. Supporting the Kyrgyz Republic's young democracy is especially crucial now — a time when fundamental freedoms are coming under increasing pressure on the Russian periphery. The upcoming parliamentary elections this fall and presidential election in 2017 will be critical to the country's continued democratic development as the system remains fragile.

Our democratic governance assistance partnership effectively offers alternatives to the status quo authoritarian models that surround this nation. With a particular focus on promoting

transparency, accountable institutions and civil society inclusivity, modest U.S. assistance supports continued parliamentary development, judicial reform and consolidation of an electoral process that continues to reflect the will of the people. USAID also supports data-driven evaluation of police work and institutional police reform to improve transparency.

In addition, USAID prioritizes economic diversification to contribute to broad-based growth and poverty reduction that helps cement democratic gains. This assistance is especially important in light of the Kyrgyz Republic's recent accession to the Russian-dominated Eurasian Economic Union, which poses significant technical challenges and alters competitive advantages previously enjoyed as a WTO member. To assist local producers in taking advantage of trade opportunities, USAID works in the poorest regions to integrate smallholder farmers into value chains and to help agro-processors meet more stringent export standards. We are working to improve services and variety in the tourism sector, increase productivity in the construction materials sector, and enhance marketing and quality in the garment industry.

#### **Tajikistan**

Tajikistan shares an 800-mile border with Afghanistan and is a linchpin for both regional stability and security in Central Asia. The majority of Tajikistan's labor force — about 75 percent — is dependent on agriculture for their livelihoods, yet one in four children suffer from stunting (chronic malnutrition that stunts a child's growth). Boosting agricultural productivity is essential to improving lives and livelihoods, especially when you consider that only 7 percent of Tajikistan's mountainous land is arable. In Tajikistan's poorest province the Feed the Future initiative helps households increase their production of profitable, nutritious crops and learn more balanced dietary habits. In FY 2014, we helped more than 125,000 households improve their food security and helped facilitate reliable access to irrigation water for 100,000 farmers.

USAID also promotes effective and accountable state institutions and increased citizen participation in government decision-making, for example by building the capacity of civil society organizations through training, mentoring and legal support. In 2014, USAID assisted 155 village committees in registering as civil society organizations, giving them the legal authority to provide social services and represent the interests of constituents before government officials. USAID-supported civic advocacy efforts were also critical in deflecting efforts to impose additional approval requirements on foreign-funded assistance that would have crippled development programs in all sectors. Considering more than one-third of the population is under the age of 14 years, USAID also nurtures civic identity and leadership among rural youth. In education, after an assessment determined that over 40 percent of Tajikistan's fourth graders cannot read at grade level, we trained 2,500 teachers from more than 900 schools.

#### **Uzbekistan**

Uzbekistan is the most populous country in Central Asia and key to economic growth and stability in the region. Our assistance contributed to the adoption of a judicial code of ethics and expanded defendant rights. As Uzbekistan is a source country for human trafficking, USAID also partners with Uzbekistan to combat the illegal practice. And to diversify the agriculture sector beyond cotton, USAID collaborates with government entities to lower trade barriers and with horticultural value chain participants — from farmers to processors — to increase their productivity and export capacity.

### **Kazakhstan**

USAID and Kazakhstan partner to address development challenges in support of the country's emergence as a regional leader contributing to peace, stability and prosperity. Current USAID initiatives, some of which are co-funded by Kazakhstan itself, support economic diversification, combat human trafficking, assist human rights defenders, help the media deliver information relevant to local audiences, improve the legal and regulatory environment for civil society, and institutionalize systems that increase the efficiency and transparency of, and public trust in, the court system. USAID also helps to strengthen green energy policies, improve energy efficiency and increase renewable energy supply. Signaling our strong bilateral partnership, the Government of Kazakhstan recently announced its intention to match USAID funds in support of one of our health programs with a \$4 to \$1 ratio in the United States' favor — and is poised to contribute even more in coming years in other sectors.

### **Turkmenistan**

In Turkmenistan, one of the most isolated states in the world, U.S. assistance seeks to foster a more open and integrated society. USAID was the first international partner to respond to Turkmenistan's request for information on the economic and societal impacts of WTO accession, as well as to improve the valuation sector when Turkmenistan opened its economy after years of state control — effectively laying the groundwork for broader participation in the global economy. At the same time, USAID's Junior Achievement program helps prepare young people to be active participants in the country's economic and social development while improving their employment prospects. USAID and other U.S. Government agencies also support Turkmenistan's interest in adopting certain international best practices and models related to governance and empower civil society organizations to advocate for additional reforms. Since 2010, our support has exposed more than 2,300 civil servants to international norms and processes through good governance programs inside and outside of Turkmenistan.

### **Conclusion**

Mr. Chairman, to echo President Obama's words: "In an interconnected world, we all rise and fall together." No longer do we live in the days where instability does not traverse oceans — whether it's a conflict, famine or disaster sending refugees across borders, financial crisis sending shockwaves across the global economy, or a pandemic quickly spread by international travelers. This dynamic presents unprecedented challenges for development, but also new opportunities to partner to achieve unprecedented gains — and USAID is at the forefront.

I appreciate the opportunity to share with you what USAID is doing in Central Asia and look forward to hearing your advice and counsel. I welcome any questions you may have.

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Mr. ROHRABACHER. Thank you very much, and we will have questions from the panel now—from our members.

Let me just say in general I am a bit concerned. Did the words “radical Islam” come out of anybody’s mouth today in testimony? Any of your testimony include a statement that included the words “radical Islam?”

I don’t think I heard that. I heard a lot about Russia and being a reason for this and that, this and that, this and that.

But let me just note that if Central Asia, which is made up mainly of Muslim populations, should succumb to the type of radical Islamic temptations that people in other parts of the Islamic world have succumbed to, we are in big trouble.

This could be—I personally believe that if General, now President el-Sisi in Egypt, is overthrown and it has been very difficult for this administration to get themselves to help President el-Sisi, that you could have a complete collapse of resistance to this radical Islamic terrorist movement in the Gulf, which would then perhaps spread next step into Central Asia.

I mean, this could be an historic threat to Western civilization. But yet we didn’t hear anything about it today when we are discussing America’s commitment to that region.

We have—let me ask a little bit about the nature of our assistance. When we are talking about \$750 million, I guess, to Ukraine and \$193 million to democracy building, when you are talking about democracy building does that—is what we are talking about money that we give to NGOs? Is that included in this?

Ms. FRITZ. Our assistance varies. Some of it is to NGOs to help build their capacity. Most of our assistance goes through U.S. contractors and U.S. NGOs that provide technical assistance from civil society to—

Mr. ROHRABACHER. Okay. So the answer is yes.

Ms. FRITZ [continuing]. Judicial reform, a whole host of areas—

Mr. ROHRABACHER. I got it.

Ms. FRITZ [continuing]. Not just civil society.

Mr. ROHRABACHER. In that—in that host of reforms, do we sponsor NGOs that are pushing specific environmental policies as well?

Ms. FRITZ. I don’t know what you are referring to.

Mr. ROHRABACHER. Environmental policies. Do we have NGOs who are suggesting that the countries in pushing to organize people within these countries to focus on particular energy sources or environmental mandates and restrictions?

Ms. FRITZ. We do not, not that I am aware of. What we do do is to work with countries to help them meet EU directives related to energy, environment and private sector and their energy sector. So EU directives but not anything beyond that.

Mr. ROHRABACHER. Okay. Well, let me note that we just recently—I, with a delegation, visited Kosovo and there is apparently an American-sponsored NGO that is becoming very aggressive in trying to promote certain energy sources.

And I have met in that area region as well people who are talking about NGOs trying to push for what we would call here renewable energy resources rather than energy sources that perhaps are cheaper for those societies at this particular stage in their development.



And I think that while we all—who would disagree with some very positive thing called environmentalism—what is good for the environment—there are distinct debates as to what is in the long run the best direction to go in terms of renewables right now and the developing world.

Because if you have expenditures for energy that are higher now in a developing world that means they don't have other money available for education, health care, et cetera, et cetera.

And so if maybe perhaps you could get back to me with a list of the NGOs that are engaged with trying to influence energy policy under your jurisdictions that would be very helpful.

Ms. FRITZ. Yes, sir. We will look into that and get back to you.

Mr. ROHRABACHER. And Ms. Romanowski, you wanted to say something about that?

Ms. ROMANOWSKI. Well, I did want to add a point—that with respect to Kosovo in particular we are supporting broadly their energy development and their energy security plans, which do include a combination of renewables.

We are also looking at how they could be building a third and more modern coal plant as well as replace the outdated and very, very highly-polluting Kosovo A Plant.

So there are—the energy situation in Kosovo is particularly serious and very, very unreliable and we are working with Kosovo to develop an energy plan that, clearly, is both a short-term and a medium-term objective including all types of energy sources.

Mr. ROHRABACHER. I have to admit that it certainly is—we need to be involved with helping hands for countries like Kosovo and other countries.

But I think people would resent it here if we had people who were being paid by foreign governments to come in and tell us what energy policies are best for our country and, you know, so Kosovo—this is not an illiterate uneducated group of people.

They should be able to make decisions on their own and it seems to me providing that type of pressure, and I know that people have—how do you say—have the best of motives in mind in all of these areas because this is what they believe is good.

Sometimes, of course, people can disagree with what exactly that policy should be but even with that the idea on having the United States Government going in, pressuring countries where you have populations that are relatively educated populations toward these type of policies I think it is something we need to think about and be a little bit more retrospective in terms of how we would feel if we had people in here from the United Nations who now are going to come in and tell us what we are going to do in terms of our energy and environmental policies.

What about social issues? Do we have—are we financing the NGOs on different social issues?

Ms. FRITZ. Are you specifically referring to Kosovo or more broadly?

Mr. ROHRABACHER. No, generally, in Eastern Europe and in Eurasia.

Ms. FRITZ. If you include health care as a social issue, yes, we support NGOs who engage in issues related to health care.

Mr. ROHRABACHER. Well, the complaints that we have heard is that they—that we are defining social issues to include sexual type of things and basically policy toward homosexuality, which we in the United States we don't believe in people being discriminated against for this but in those countries perhaps they are culturally different than we are and having our—pressuring them through our Government to accept certain cultural norms like that, I think that in Hungary in particular we heard some people complaining that their government was being pressured by American taxpayer groups that we are trying to get—to force them to change their policy on this which, again, should be left up to individual countries to make their determination as to what their position would be on gay marriage, for example, or even abortion. Any comments on that?

Ms. ROMANOWSKI. Mr. Rohrabacher, our support for civil society and for NGOs is very much focused on themes that strengthen democratic governance that helps support the reform agendas that the people in this region are interested in pursuing.

They are also focused on having laws and values that don't discriminate against the peoples in this region and other minorities that are in this region.

So a lot of our work that we do with NGOs and in fact in our engagement—diplomatic engagement with the governments in the region is to ensure that the laws are free of discrimination and in this region.

So a lot of the work that we do do with NGOs does encompass many of the values that we share in this country.

Mr. ROHRABACHER. So the answer is yes, and let me just note that I think that trying to push our belief in—from Western civilization belief that, for example, most of us don't believe that we should have multiple wives.

You know, you are married to one person, and to have—to go to an Islamic country and try to push norms, whether it is homosexuality or where it is men-women relationships and things like that, I think that we could find it very difficult if somebody was coming into the United States with government money trying to pressure us in the opposite directions because that is what their culture says is the right way to go.

With limited resources and with the fact that we are borrowing every single penny that we give to these countries, it might be better for us to prioritize and that telling them how to run the social structure in their country should receive a lot lower priority than perhaps working with them to build their economy and build a more interactive country with us in terms of economics and other items like that.

With that said, I will be very happy to yield to Mr. Deutch and what time that he would like to expend.

Mr. DEUTCH. Thank you, Mr. Chairman. Before—and thanks to all of you for your testimony.

Just one point I would make at the outset that many of us deeply believe that this is not about American norms but that LGBT rights and women's rights are human rights and that we have an obligation to speak out in support of human rights including LGBT

and gender equality everywhere in the world. I just wanted to get that on the record.

I have travelled—to our panel I will tell you I have travelled a number of times to Europe and to Central Asia, most recently last month on a trip to Germany and in my role as chair of the Congressional Study Group on Germany.

It was clear to me in my meetings with members of the government, legislators, civil society groups, NGOs that the historic and deep transatlantic relationship is appreciated. It is respected.

In many ways, it is revered. But it is not one to be taken for granted. And as our attention is frequently diverted to crises around the world, I think that we in Congress, the administration, the American people have to remember the important partnership that we have with our European allies and should continue to engage with them on a bilateral basis as well as through our multinational organizations like NATO and OSCE. It is just not a relationship that should ever be taken for granted.

Now, I would like to focus my questions on the eastern Mediterranean region. There are a number of issues that make this area one of interest for the United States including recent optimism of achieving a reunification deal in Cyprus, new energy opportunities in the Mediterranean and last week's election results in Turkey and what will result for them.

Obviously, we are focused on the Greek debt crisis and the down-to-the-wire negotiations and others. There is a lot happening in that part of the region.

So just a couple of questions. In looking at the budget, it appears that the State Department didn't request any funds for Cyprus in the Fiscal Year 2016 budget. The question is does State or USAID have any plans to increase involvement and support, financial or otherwise, as Cyprus negotiations move forward.

And then to the extent that you can speak to the status of reunification negotiations and the role that the United States is playing to help reach an agreement, I would appreciate that, in particular, how have our USAID and State Department efforts contributed to achieving a peaceful settlement. Ms. Romanowski.

Ms. ROMANOWSKI. Yes. Mr. Deutch, on Cyprus we welcome the resumption of the settlement talks that started in May and are going to—and reaffirm our full support for the U.N.-facilitated process and we want to be helpful to the parties in any way that we can.

We have encouraged the parties, as they go through their talks to reach a settlement as soon as possible, to reunify the island as a bizonal bicomunal federation.

But we, in fact, did not request funding in both Fiscal Year 2015 or 2016 as we are facing regional challenges and broader global demands on our budget.

We have had to make difficult choices but we will be looking for ways in which we can support the settlement talks as they go forward.

Mr. DEUTCH. Thanks. I would—I would just like to drill down a little bit on one specific issue in Cyprus.

Last week, Cyprus' commissioner of humanitarian affairs was in Washington. I know he met with the State Department, asking for

U.S. assistance and resolving the issue of missing persons in Cyprus.

Nearly 2,000 people went missing during the intercommunal fighting of 1963 to 1964 and then, again, after the Turkish invasion of 1974. To this day, most remain missing and it would seem that with the promising restart of reunification negotiations and the focus on confidence-building measures that one of the best confidence-building measures will be for Turkey to stop putting up roadblocks like claiming certain areas are in occupied Cyprus and are off limits as what they refer to as military zones for the search of more than, as I understand it, 1,400 that remain missing.

So I know that USAID has provided assistance in the past to the Committee on Missing Persons in Cyprus. We have legislation that directs the administration to locate five American citizens who joined the ranks of the missing in 1974 and so I am just—I would like to know what progress is being made to open up the military zones and what steps are being taken to locate the remaining four American citizens whose remains have not yet been found.

Ms. ROMANOWSKI. Mr. Deutch, I appreciate very much your question but I would like to take that for the record and consult with my other colleagues at the department that are real experts on the missing persons issue and get you an answer to that question, if that is all right.

Mr. DEUTCH. That is okay. I will look forward to receiving that response after you have had an opportunity.

Mr. Chairman, do I have time for one last question or—

Mr. ROHRABACHER. I think I went over my time so you can go over your time.

Mr. DEUTCH. Thank you. I appreciate that. Just a general question.

If anyone would like to comment on the changes—any changes we might expect in Turkey following the recent election in which AKP lost a number of—a significant number of its seats.

Ms. ROMANOWSKI. Yes. On the—the United States does look forward to working with this newly-elected Parliament and the new and the future government.

We are encouraging them to form a coalition government or a new government as quickly as possible and at this point we have looked at the—at the elections, that they were general—the fundamental freedoms were generally respected.

Journalists—while journalists and the media were somewhat critical of the ruling party and they were subject to some pressure and intimidation—there was some violence—we agree with the OSCE election observation mission that was in Turkey that this is—it was an election that in essence represents the elected—the voting representatives in Turkey.

We do—again, we do await their new government to continue to work with Turkey as an important partner in the region on many, many regional and global issues.

Mr. DEUTCH. Thank you. And thank you, Mr. Chairman, and I will look forward to receiving that response to the question about the Committee on Missing Persons in Cyprus, and I yield back.

Mr. ROHRABACHER. Well, thank you very much.

We will proceed to the second round, seeing that there is only a couple of us here, and I mentioned earlier that I had been through the—down in the Balkans on a trip recently and one of the points, Ms. Fritz, that I have been trying to make is that we—when we talk about aid I am—there is no hesitation on my part to commit America to helping people in an emergency situation and, certainly, Kosovo, 20 years ago, had an emergency situation and they were in conflict and people were being killed and there was a—and there are natural calamities as well when people have volcanos and all sorts of earthquakes and things such as that.

We have to be willing to help out in those situations. I think our humanness of our values certainly would demand that of any free people.

But in terms of aid, as I mentioned in my opening statement, that we have to make sure that our aid isn't just being used as a means not to have their governments do for their people what they are perfectly capable of doing.

And when I was in Kosovo, I couldn't help but notice that there was a new hospital that I actually visited that was built totally with private funds from the United States and that the government there in Pristina had not given them the permits to open even though their hospital they had equipped—there it is sitting right there with all of the most modern technology that any hospital would have, closed.

And I don't—you know, whatever the reasons there are always—anybody can find a reason not to do something, of course, until somebody gets paid off somewhere.

Now, I haven't heard that they—someone has stepped forward with their hand out yet but quite often that happens in less-developed countries.

But why should we be giving Kosovo support when they have a hospital right there that has been paid for with private dollars and that they are not given permits to open?

Ms. FRITZ. The kind of support we provide to Kosovo is related to building their capacity. So we are not providing—first of all, we are not providing assistance in the health sector. Second of all, we don't provide funding.

We provide technical assistance and training to build the capacity of the government to do different things whether it is in the energy sector, helping private-sector development.

We help companies to be able to compete on the European market to export their products to European countries.

Mr. ROHRABACHER. We are not giving them any help in the health care area at all?

Ms. FRITZ. No.

Mr. ROHRABACHER. Okay.

Ms. FRITZ. Sir, we also provide assistance related to democratic institutions. We support civil society.

Mr. ROHRABACHER. Right.

Ms. FRITZ. We support a range of—

Mr. ROHRABACHER. So would you suggest that if someone is involved with a humanitarian effort like—this is—it better be the White House. Hold on. Mr. President, I am in the middle of a hear-

ing. I am sorry. I can't take the call right now. I have no idea who that was.

But so you would believe that when the—a country that we are helping in a variety of areas does something like—for example, does not give the permits necessary for a private sector hospital to open up that this would be considered a health care issue and not a rule of law issue?

Ms. FRITZ. It certainly could be both, and what I meant to say was that USAID is not currently engaged in this issue. We can consult with the Embassy and find out more information for you, sir.

Mr. ROHRABACHER. Let me suggest that we should—go right ahead, Ms. Romanowski.

Ms. ROMANOWSKI. I just wanted to add a very important point that I think we share also your concern for access to quality health care and we recognize that this is an issue that is problematic.

And our Ambassador, in fact, has been working this issue with the Kosovo Government along with the private sector to try and resolve this issue. In fact, she met with the prime minister last week.

So it is definitely an issue on our radar that we are focusing on to, again, make sure that that hospital can function the way it was intended to.

Mr. ROHRABACHER. Well, I realize the Ambassador is paying attention because I think that we brought her with us to go to the tour of the—of that hospital.

I would suggest that if Kosovo or other countries are unwilling to step forward—now, this—to me, this is a potential corruption issue because so often what happens is people don't get permits until they have paid somebody off. But I have not heard specifically of any demand yet.

But even without that factor, if people expect to have us subsidize various activities in their country while they are engaged in that type of thing with an American citizen who has put money into it, I think it demands us more than just to say something but it demands us to do something, which I would—I will be watching very carefully to see if the State Department does more than just talk about it after—this hospital isn't open.

It has already been 6 months since we were there. So that hospital is just sitting there while people in that country, especially—by the way, it was especially designed to help women—women in that city to get the proper care that they need—and if that is going to remain closed I think we should consider some type of pulling back in some of these other areas, perhaps even pulling back from our trying to pressure them to have the type of energy development that we think is best for them rather than perhaps what they think is best for them.

And about Ukraine, and I guess—I guess Mr.—Ms. Romanowski, I think this would be for you but I am not sure if the others—this fits them.

Could you give me a frank assessment of—because we have been talking a lot about Ukraine here, and let me just note for the record there is nothing that could help Ukraine more in their building their economy is to help bring peace between Russia and Ukraine.

When Ukraine or any other country invests in military equipment, we are there investing in things that blow up rather than things that create more wealth.

Military spending and providing debt to a country in order to finance an unnecessary conflict is a horrendous burden on a country that is in debt and I think it is—frankly, I think we should be doing more in trying to find a compromise and a solution, perhaps in helping—even having more talks about the Minsk agreements that have been reached on a pathway to get them back—to back off from this conflict.

But one of the unknown factors or unseen factors here in the United States is the role that oligarchs have been playing in creating the situation that now exists.

A large portion of the Ukrainian army has been financed by a couple of oligarchs. These are private sector people who have military personnel out and which—with tanks and cannons and all the rest.

Could you give us any type of an assessment of whether or not the—this new President Poroshenko has been successful at deligarching his government and his society?

Ms. ROMANOWSKI. Mr. Chairman, let me say a few words about that. I think the government of the current and new Government of Ukraine has made some significant progress in undertaking reforms across many sectors in their society that will—that will, again, address some of the issues that you are talking about.

It is a long—they have—and I will speak to some of the reforms in a minute but it is a long-term process. There are—they have made some very important reforms.

The Rada has passed some significant legislation that goes to anti-corruption and rule of law. We are working with them through a series of advisors in the government ministries, again, to help both implement reforms and to focus on the kinds of reforms that are needed across a number of sectors.

It will take a significant amount of time and it certainly will require the full support of the Ukrainian people.

With respect to the efforts that they are on the Minsk commitments, currently we are very much encouraging and supportive of the trilateral contact group that is designed to bring all the parties together to talk about implementing the Minsk agreement.

And this is a very important component of being able to make sure that Ukraine can continue its commitment to democracy and to reforms and also to push back against Russian pressure on the—and the presence of Russian involvement in eastern Ukraine.

They do have a near-term economic crisis, which we have helped as well as the IMF and others to stabilize, so that they can continue to implement the reforms that they want to do to, again, build a stronger and prosperous country that isn't affected and can push against the Russian pressure that is going on right now.

Mr. ROHRABACHER. Well, this all started when—over an economic crisis in which President—the elected President, Yanukovych, went for assistance to the EU and the deal that he received from them he did not believe was equivalent or near what the Russians were offering and that led to—step by step into a situation of conflict today.

And I would hope that we can take step by step back from that and the first step in that is to try to stop the actual physical fighting between the Ukrainians and the separatists and especially the withdrawal of the Russians of any people they have in the eastern Ukraine and hopefully that can be part of the same deal.

But we need to—we need to focus a lot on peace rather than simply subsidizing the current status quo, which is leading them into the gates of Hell.

We now have—Ms. Frankel has joined us and if you have some questions for the panel you are certainly welcome to take your 5 minutes right now.

Ms. FRANKEL. Thank you very much, Mr. Chair.

And I wanted just to follow up on a comment of one of our witnesses, and thank you all for being here. Over the weekend, our Ambassador to the Ukraine, Geoffrey Pyatt, summed up concerns that I think a lot of us have and he said there is no issue that is a greater threat to Ukraine's long-term success today than the institutionalized corruption. It is a bigger threat than Russian tanks.

I don't know whether you are familiar with that or whether you agree with that. But in reference to that, I would like to ask this.

First of all, do you have an opinion as to whether this long-term corruption issue in Ukraine so undermined the Ukrainian Government and the confidence of the people that set a stage for the Russian aggression—whether that is related at all.

And can you tell me how—I guess is it USAID that is doing—that is working on the corruption issue? Can I get some details on that?

Ms. FRITZ. Sure. I can talk about our programs. Is that what you were interested more about—our assistance? So—

Ms. FRANKEL. But I would also like to hear the cause and effect, if you have an opinion to that.

Ms. FRITZ. So maybe I can talk about assistance and Alina might take the cause and effect. So our assistance—what we have done is when we design every new project we look at how we can build in an anti-corruption component.

So, for example, we are working with the judiciary. We are working in education, pharmaceutical procurement, e-governance permitting, financial disclosure in energy and all of those each have an anti-corruption component.

In assessing how the Ukrainian Government is doing, they have passed more than a dozen key pieces of legislation that address corruption including establishing legislation to establish the National Anti-Corruption Bureau as well as the National Anti-Corruption Prevention Agency and the bureau is moving forward in terms of being stood up with a budget and staff and so forth.

The prevention agency—they are just in the process of appointing a director of the agencies or setting up the committee to appoint the director. The prevention agency will be really important in terms of addressing financial disclosure and monitoring that of public sector employees of which there are over 900,000.

Another area in which USAID has been involved is working on doing risk assessments for corruption of government agencies. So we have done two—one with the Securities Commission, another with the Deposit Insurance Company—and those identify areas



that are at risk within those agencies for corruption and then an action plan to start addressing them.

Moreover, we have given the methodology to or we are in the process of giving it to the Ukrainian Government so that they can do it across the government to start addressing some of these issues holistically across the government.

We have judicial reform programs as well as programs that support civil society. What I would point to post-Maidan is that civil society was energized by Maidan and remains engaged in pressuring the government on reforms. They are monitoring.

I was just there last week, met with a group of key NGOs and they are continuing their pressure on the government to reform. So it is from both sides that this is happening and will continue.

Lastly, I asked a question of the group last week whether they have seen progress in the year since Maidan in terms of corruption and what they reported was public sector corruption it is noticeably less than it was a year ago and they were energized and inspired that this will continue. So I think Ukraine has a long way to go but we have seen some progress.

Ms. ROMANOWSKI. Ms. Frankel, let me try and answer your question about whether corruption and how this all happened. I really am not in a position to really speculate on what prompted Mr. Putin to violate another country's sovereignty and territorial integrity.

So I think I will leave it at that for the moment. But what I will say about corruption and how it can erode a country's stability, it can limit its prosperity and it really does inhibit the responsive democratic pathways that populations would like.

It undercuts its economy and it undercuts the expression and the ability of citizens in their country to express their values and where they want to take their country.

On the corruption piece, for us and as my colleague, Susan Fritz, has said, fighting corruption is very much an integral part of our longstanding goal of Europe whole, free and at peace.

It is not just in Ukraine. It is across the region. So that in fact that countries outside and external pressures such as Russian pressure don't have the impact and don't have the ability to get in and begin to meddle in the situation and into a country's economy or politics or elsewhere.

Like my colleague at USAID, going to Ukraine was one of the first visits I made in this new—in this new job and I was—I was struck when I talked to NGOs and even new government officials how important for them it was to tackle the issue of corruption in Ukraine and how the reforms that they were undertaking and the long, long list of other reforms that they had to undertake was going to be a long-term effort and a commitment.

They recognized how difficult this might be and how it required convincing others in their society to make these difficult reforms that initially could have a significant impact on the—on the economy or on the—or on the livelihoods.

But at the end of the day, every single Ukrainian I talked to recognized that they needed to embark on serious reforms to get on to the democratic path and to continue their integration into Europe.

Ms. FRANKEL. Just—Mr. Chair, if I just may follow through. I did not mean to infer that the corruption was an excuse to Putin.

I—my inference was that it weakens the resistance of the country and the people in the country when they don't have confidence in the government and the government is not working correctly. It can lay a predicate for a terrorist group or—I know what you are going to call Mr. Putin—an aggressor to come in.

Ms. ROMANOWSKI. And I think that the—what we are seeing now is the Ukrainian people want to see reforms happen fast and quick, and as we all know, in some cases it takes a while to get those done.

Ms. FRANKEL. Thank you very much.

Mr. ROHRABACHER. Thank you to the panel. Just a few more thoughts about the—just sort of take up where the conversation ended. I think the corruption issue is the direct—is the direct cause for the problems that are in Ukraine today, not just their economic situation but this military confrontation that they have.

I remember seeing Kuchma and I was there during the Orange Revolution and I actually supported the kids down in the square and went into their tents with them and everything.

And, of course, they got rid of Kuchma, the last of the Soviet leadership of Ukraine, and we got Yushchenko is, I believe, then came in after the Orange Revolution and he was married to Kathy Chumachenko, worked with me in the Reagan White House.

Thought, oh boy, we got some Western people there now who are committed to better government, and the people, in fact, in Ukraine have been convinced that Yushchenko—and, unfortunately, his—all of his cohorts were as corrupt as they had with Kuchma and were so disillusioned that they ended up voting for Yanukovych, who was the pro-Russian candidate at the time.

And then Yanukovych, of course, to suggest that he was any less corrupt than anybody else would be just wrong because what the people of the Ukraine have had is government after government after government coming in, with the hope of the people that new government is going to be a noncorrupt government and they got some hope and, frankly, Yanukovych was just as corrupt as his predecessors, probably more corrupt.

And when they—thus, when he did not get the deal that he was looking for to help the Ukraine's—the Ukraine's economy from the—from their Western European friends who have to, again, like Merkel has suggested, had they treated Yanukovych differently we might not have had this confrontation with Russia going on.

But Yanukovych ends up going to Putin, getting the agreement—a better agreement than what the European Union was offering—but the people of his country, because they have learned that corruption is the way of life of these—of their leadership, assumed that they—the country was being sold out to Russia probably for personal gain for their—for their President and that is when this violence erupted in that society.

And let us just hope—I mean, this is a horrible situation in Ukraine and we need to—I think the first step is, number one, do everything we can to stop the actual fighting and get the people disengaged with spending because every day of fighting is the ex-

penditure of millions of dollars that are drains on that economy and also it hurts the people there and people lose their lives.

So just—that is just a thought and but I got one last issue I would like to bring up before we close and—unless Ms. Frankel has another comment.

I have—this is, Mr. Rosenblum, about—this is back to my central point that I didn't hear anybody mention radical Islam.

I keep hearing people mention Russia, Russia, Russia. But radical Islam is, to me, the major threat we must face today. Just like when the Soviet Union was in, that was the major threat and other things were secondary.

Well, I believe, as I mentioned earlier, that we could have radical Islamic terrorists taking over various governments in Central Asia and I understand that we trained—in Tajikistan they trained their special forces commander, who recently defected to ISIL and is now actively involved in trying to accomplish the ISIL gains in Central Asia and whatever the ISIL is long term trying to do. Is that correct?

Mr. ROSENBLUM. Mr. Chairman, I think you are referring to the case of Mr. Khalimov, who was the commander of the Oman special forces, which is the interior ministry special forces in Tajikistan—

Mr. ROHRABACHER. Right.

Mr. ROSENBLUM [continuing]. Who, I guess it was 2 or 3 weeks ago appeared in a video where he announced that he had joined ISIL.

Mr. ROHRABACHER. Right. Defected.

Mr. ROSENBLUM. That is correct—defected. And so this case—it actually so happens, coincidentally, that today a delegation from the Government of Tajikistan is here in Washington for our annual—what we call the annual bilateral consultations between our two governments.

Not surprisingly, this particular case has come up in the conversation although it is covering the whole broad range of our relationship with Tajikistan.

So we—this is a case that, obviously, was—came as a surprise to us and that we are very concerned about and what its ramifications are.

The—Mr. Khalimov came up through the ranks of the interior ministry before he became the commander and during that period of about a decade did participate in several U.S. training courses—I think about five training programs sponsored under our anti-terrorism assistance program.

The way those programs work, as you probably know, Mr. Chairman, is that the attendees are selected by the government of the country and then they go through a vetting process that is sometimes informally referred to as the Leahy vetting, which is basically seeing whether the selected participant was involved in any gross violations of human rights in their own country.

And in terms of that vetting, this person, Mr. Khalimov, passed our vetting. But I just want to emphasize that he was—he was selected by the government, which is the normal way that these things work.

It is hard to predict these sorts of things and actually there was a hearing last week that I participated in on exactly this issue of recruitment of foreign terrorist fighters from Central Asia.

Mr. ROHRABACHER. Right.

Mr. ROSENBLUM. Of course, this case came up as well, and I was asked a similar question about Mr. Khalimov. It is hard to predict how these cases come up. As I said there and I will say here again, we are continuing to look at our procedures for conducting these training courses.

We are always going to be dependent on selection by the governments to a large extent, of course, of the participants. But we are looking if there are any ways to do additional screening that might help us to avoid future cases like this.

Mr. ROHRABACHER. Well, I would hope that this particular incident is a wake-up call for all of us about Central Asia. We should not be taking Central Asia for granted—that, indeed, once radical Islam, if they are successful in the Gulf and then they manage to spread to the other areas in northern Africa and into Central Asia, we will be involved with an historic shift of power on this planet that will plague us and plague mankind and humankind for generations to come.

And this is—the fact that in Tajikistan you have someone like this defecting over to the most radical elements of Islam should tell us that we need to pay attention there and not take—and not focus totally, our whole efforts, on Russia's dispute within Ukraine, although we need to make sure that Russia has got the message that we do not believe that it was right for them to go in to—even if they had—Yanukovych was overthrown or whatever, there was no excuse for them to come in with their troops and that should not have happened.

But with that said, we have a lot of other challenges to face in which the Russians could possibly play a positive role in if we can get the situation in the Ukraine settled.

So with that said, Mr. Deutch, you have whatever time you would like.

Mr. DEUTCH. Just—I only need a couple seconds. I wanted to come back in just to ask that our panelists take back from me and, I know, from those of us on this committee who have had the opportunity to travel to places like Tashkent and Dushanbe and Bishkek that we have really great appreciation for the work that State and our diplomatic corps and that our USAID workers do in these places—that it can't be taken for granted that for, unlike many parts of the world, for most of the people in Bishkek, for example, what they know about the United States is what they learn from their contact with the person from the Embassy who goes out and reads to kids, runs programs—what they do to stand for this country and our values and advance our interests.

By being willing to spend a few years representing this country in those places means a great deal. They should be commended for it and I would ask you to take that message back to them.

Mr. ROHRABACHER. Mr. Deutch, I would like to thank you for coming back to make that expression. I think that reflects we are a partnership here.

You know, this is—we are trying—all trying to do our best to make sure our country is served well and we are—and the message that Mr. Deutch gave of that gratitude for the role that you play it goes for both sides of the aisle.

So thank you very much. I declare this hearing adjourned.

[Whereupon, at 3:37 p.m., the committee was adjourned.]



## A P P E N D I X

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MATERIAL SUBMITTED FOR THE RECORD

**SUBCOMMITTEE HEARING NOTICE**  
**COMMITTEE ON FOREIGN AFFAIRS**  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515-6128

**Subcommittee on Europe, Eurasia, and Emerging Threats**  
**Dana Rohrabacher (R-CA), Chairman**

June 9, 2015

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Europe, Eurasia, and Emerging Threats in Room 2172 of the Rayburn House Office Building (and available on the Committee website at [www.foreignaffairs.gov](http://www.foreignaffairs.gov)):

**DATE:** Tuesday, June 16, 2015

**TIME:** 2:00 p.m.

**SUBJECT:** Reviewing the Administration's FY 2016 Budget Request for Europe and Eurasia

**WITNESSES:** Ms. Alina Romanowski  
Coordinator of U.S. Assistance to Europe and Eurasia  
Bureau of European and Eurasian Affairs  
U.S. Department of State

Mr. Daniel Rosenblum  
Deputy Assistant Secretary for Central Asia  
Bureau of South and Central Asian Affairs  
U.S. Department of State

The Honorable Jonathan Stivers  
Assistant Administrator  
Bureau for Asia  
U.S. Agency for International Development

Ms. Susan Fritz  
Acting Assistant Administrator  
Europe and Eurasia Bureau  
U.S. Agency for International Development

**By Direction of the Chairman**

*The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.*



# COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON EE&ET HEARING

Day Tuesday Date June 16, 2015 Room 2172

Starting Time 2:00 p.m. Ending Time 3:37 p.m.

Recesses    (    to    ) (    to    ) (    to    ) (    to    ) (    to    ) (    to    )

Presiding Member(s)

*Rep. Rohrabacher*

Check all of the following that apply:

Open Session ☒

Executive (closed) Session ☐

Televised ☒

Electronically Recorded (taped) ☒

Stenographic Record ☒

TITLE OF HEARING:

*Reviewing The Administration's FY 2016 Budget Request for Europe and Eurasia*

SUBCOMMITTEE MEMBERS PRESENT:

*Rep. Deutch, Rep. Meeks, Rep. Frankel and Rep. Weber*

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an \* if they are not members of full committee.)

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or

TIME ADJOURNED 3:37 p.m.

*Paul Bang*  
Subcommittee Staff Director