

STATEMENT OF JONATHAN STIVERS
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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
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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 74th to 59th 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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