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“Examining the President’s FY 2017 Budget Proposal for Europe and Eurasia”
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Chairman Rohrabacher, Ranking Member Meeks, and distinguished Subcommittee Members:

Thank you for the invitation to testify on the role of the United States Agency for International Development (USAID) in advancing U.S. development and foreign policy goals in Central Asia. It is an honor to testify today. I am pleased to be here alongside my colleague from USAID, Thomas Melia, Assistant Administrator for the Bureau for Europe and Eurasia, as well as my colleagues from the U.S. Department of State.

The President’s Fiscal Year (FY) 2017 budget request of \$164.1 million for Department of State and USAID foreign assistance in Central Asia reflects an increased commitment to American engagement in this strategically important region. The request would enable USAID to build on recent momentum in the U.S.-Central Asia relationship developed through Secretary of State John Kerry’s historic November 2015 trip, during which he emphasized the United States’ strong commitment to the prosperity, sovereignty, stability and security of the five Central Asian countries, including through regional integration as promoted by the recently launched “C5+1” framework between the five Central Asian countries and the United States.

This increased American engagement is crucial to the success of the region, which is continually challenged by the influence of neighbors, broader regional threats—such as the violent extremism that exerts an increasing pull over a growing number of labor migrants—and pressing development needs.

The FY 2017 request furthers USAID’s mission to end extreme poverty and promote resilient, democratic societies while also countering Russian pressure in Central Asia through economic development and strengthened news media. Additional funding is requested to strengthen economic resilience and reduce inordinate dependence on Russia’s economy in the Kyrgyz Republic, Tajikistan and Uzbekistan. Additional funding for Kazakhstan and USAID’s Central Asia Regional programs will increase access to objective news and information and production of local content. Our request also supports efforts to counter violent extremism by addressing the drivers of radicalization and recruitment, with an emphasis on assistance to returning and potential labor migrants and promotion of human rights. Finally, the request supports USAID’s efforts to address pressing development challenges in three main areas:

- (1) Helping to shape regionally and globally connected economies that provide greater domestic economic opportunity;
- (2) Meeting urgent human needs, particularly through the Presidential initiatives on health, food security and global climate change; and
- (3) Promoting stability through accountable and inclusive governance.

Economic Connectivity

As one of the least economically integrated regions in the world, Central Asia struggles to create a dynamic economic environment for its people—more than half of whom are under the age of 30. With little economic opportunity at home, workers migrate in search of employment, making the countries of Central Asia some of the world’s most dependent on remittances from abroad. Russia is a top destination for both Central Asian labor migrants and exports, and Russia’s current economic downturn is taking a severe toll, in addition to sharply reduced oil and gas prices that are impacting major exporters in the region, such as Kazakhstan and Turkmenistan.

USAID’s dual-pronged approach to expanding economic opportunities for the people of Central Asia focuses on diversifying countries’ economies to spur growth and connecting the economies of Central Asia to each other and their neighbors in South Asia to boost trade.

On economic diversification, we are encouraging economic policy reforms that promote trade, attract investment and create jobs. In the Kyrgyz Republic, USAID has supported the government in carrying out legal reforms that have helped the country drastically improve its World Bank *Doing Business* ranking. It now ranks among the top five of 51 lower-middle income countries. 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, Kazakhstan and the Kyrgyz Republic accede to the World Trade Organization and provides expertise and training to Turkmenistan on accession.

USAID’s regional efforts under the New Silk Road initiative help to diversify trading partners through increased connectivity between the economies and peoples of South and Central Asia, including Afghanistan, to foster greater stability and prosperity across the region. We also promote connectivity both among Central Asian countries and between their neighbors on energy.

To strengthen economic ties across the region, USAID facilitates business-to-business events to connect small- and medium-sized enterprises from South and Central Asia and beyond. As a key partner in this effort, Kazakhstan expects to host our sixth annual Central Asian Trade Forum in September. To strengthen regional energy connectivity, USAID has actively promoted an energy market that connects Central Asia’s abundant energy resources with energy-deficient South Asia, Afghanistan and Pakistan. Since 2011, the United States has strongly supported the development of the Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000), a 1225 kilometer transmission line system that, when completed in 2020, will allow Tajikistan and the Kyrgyz Republic to sell 1300 megawatts of clean, surplus hydropower to Afghanistan and Pakistan. This project builds on years of USAID technical assistance helping these countries to develop and implement modern energy-sector management, regulation and governance structures that today make sustainable energy trade between Central and South Asia possible.

Priority Initiatives

Second, we are meeting urgent human needs, particularly through three priority initiatives: Global Health, Feed the Future and Global Climate Change.

On health, USAID has been helping the people of Central Asia to positively transform their health care systems and behaviors for more than 20 years. Maternal and infant mortality rates have decreased dramatically in all five countries, as have deaths from tuberculosis.

On tuberculosis, while Central Asia has made substantial progress in tackling the airborne disease, poor and inefficient treatment over the years has resulted in it developing resistance to the most common treatment drugs, presenting the region with a serious public health challenge. Today, four out of five Central Asian countries are classified by the World Health Organization as ‘high-burden’ multidrug-resistant tuberculosis (MDR-TB) countries. In these hardest-hit countries, as many as one out of four new cases are MDR-TB. At least 30 times more expensive to treat than “normal” TB, MDR-TB has much lower treatment success rates and, if mistreated, can lead to the development of an extensively drug-resistant TB which, to date, is even harder to treat and has a much lower chance of being cured. Kazakhstan was recently selected as one of 10 priority countries for the White House’s National Action Plan to Combat MDR-TB, highlighting the urgency of addressing this issue.

In all five Central Asian countries, USAID is introducing American technology—called GeneXpert—that diagnoses MDR-TB in hours instead of weeks. After re-equipping TB hospitals and dispensaries to better meet infection control standards, we are now working with Ministries of Health to adopt new control guidelines that replace Soviet-era practices, reducing cost and increasing effectiveness of treatment. To help eliminate the manufacturing of substandard drugs in Central Asia, which can weaken their effectiveness and over time lead to drug resistance, we are helping drug manufacturers in Kazakhstan and Uzbekistan meet internationally recognized Good Manufacturing Practices. And we are partnering to bring the first new TB drug on the market in more than 40 years—called bedaquiline—to Central Asia to battle strains resistant to the most effective drugs available today.

On food security, we work through the Feed the Future initiative in Tajikistan to reduce poverty and undernutrition by accelerating growth in agriculture—which employs over half the country’s workforce—and by addressing the root causes of malnutrition, including gender inequality. Our support has helped increase farmers’ produce sales, leverage private sector investment to upgrade storage and processing in the fruits and vegetable value chains, and facilitate loans to farmers, input dealers, and agricultural small- and medium-sized businesses. We have helped improve irrigation and water management practices on more than half of the farmland in the Feed the Future target area. And by introducing the concept of the right to buy, sell, mortgage and transfer rights to land, our assistance has strengthened the security of land-use rights. As a result of these reforms, farmers now have assigned plots of farmland where they can choose what crops they grow and keep the profits of crops they sell—rights unavailable to them in the past.

In Tajikistan, with large numbers of men working as labor migrants, women comprise 80 percent of the agriculture workforce, yet only 12 percent manage their own farms. We are helping women acquire land by providing legal representatives to assist them with filing petitions in court. This has empowered women to invest in their own land, transition from cotton to more lucrative fruit and vegetable production, and generate income and improve family welfare and nutritional status. Farmers across Feed the Future’s entire target area can now access legal aid at

12 centers established by USAID. In 2015, with our assistance, 50,000 farmers received support through the legal aid centers, with 75 land disputes resolved through mediation and the judicial system.

Throughout the country, malnutrition is a serious issue, with 30 percent of children under 5 suffering from stunting. USAID addresses these challenges through Feed the Future and various health initiatives. Last year, we reached nearly half a million people with a variety of nutrition interventions, including training on exclusive breastfeeding and providing supplements to women and children. Through USAID training, the practice of exclusive breastfeeding for six months jumped from 39 percent to 69 percent in USAID intervention sites between 2012 and 2015—an important achievement in fighting childhood malnutrition and stunting and in reducing common causes of infant sickness and death, such as diarrhea and pneumonia. USAID is also promoting the fortification of the region’s wheat flour with essential nutrients that can help address the nutrition deficiencies that are prevalent across Central Asia. Over the course of the past year, the project has assembled a regional coalition of stakeholders to harmonize food fortification standards across all Central Asian nations.

On climate change, we are helping the region’s wheat growers adapt to the changing climatic conditions—such as more frequent droughts—in addition to encouraging greater regional cooperation on water management. 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. As part of a pilot project in Tajikistan and Kazakhstan, USAID is introducing two climate-resilient wheat varieties that are more tolerant to heat, have a higher yield and require less water. In Kazakhstan, we are supporting the development of a climate forecasting tool to assist in predicting weather patterns that will affect agriculture.

Water is a critical issue with direct implications on the supply of both food and energy for the region. Increasing temperatures are shrinking the glaciers that feed the region’s rivers, creating greater urgency for regional cooperation on sustainable water resource management. In addition to tracking glacier melt to better understand the risks to downstream communities, USAID is providing regional and local assistance with the goal of transforming water from a potential source of conflict into a tool for regional cooperation. In October 2015, USAID launched a new five-year project, called Smart Waters, to build a cadre of water management professionals across Central Asia and Afghanistan who are capable of managing shared water resources sustainably and equitably, including working with at least five model transboundary communities in Uzbekistan, Tajikistan, Kyrgyz Republic and Kazakhstan to further put equitable, sustainable water management practices into use.

Accountable and Inclusive Governance

Around the world, underlying structural problems with governance can breed instability and prevent many countries from realizing their full potential. This is especially true for the countries of Central Asia, which are at varying stages of development—and openness—25 years after independence. The President’s FY 2017 budget request enables USAID to maintain continuity in activities that provide opportunities for Central Asian countries to develop the wherewithal to determine their own futures. Our support is wide-ranging and tailored to the

unique country environments in which we operate, from executive, legislative and judicial democratic governance programs in the Kyrgyz Republic, to targeted programs that support issues such as land registration and ownership or promoting civic cooperation through water management efforts in Tajikistan, to court system strengthening that is opening the door to greater rule of law exposure in Uzbekistan. We focus on strengthening governance to be more accountable and inclusive of all individuals—whether those standing up for human rights and fundamental freedoms or long-neglected labor migrants.

Throughout the region, we keep a lifeline open to civil society by networking isolated non-governmental organizations (NGOs) within and between countries. We continue to identify and pursue opportunities to support civil society's endeavors to reach lasting reform. In the Kyrgyz Republic, USAID has partnered in numerous capacities over the past 25 years with the country's vibrant civil society. Next, I'll highlight other key assistance areas for Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

Kazakhstan

Kazakhstan has fueled its regional economic growth over the past decade largely through the development of its oil and gas resources, commodities which are now valued at far lower prices than 10 years ago. Kazakhstan continues to face a number of development challenges that constrain progress, including a regulatory system that impedes business growth, limited media activity, low civic participation in governance, a costly and ineffective medical system, and a largely undiversified, carbon-intensive economy. USAID partners with the government, private sector and people of Kazakhstan to strengthen economic diversification, encourage further democratic reforms, improve health services and reduce carbon emissions.

USAID support has helped develop a community of civil society organizations (CSOs) that provide critical services to the population, advocate for constituent rights and engage on key policy reform issues. In support of a more engaged citizenry, USAID support contributed to the passage of 'access to information' legislation last year that, for the first time, allows independent media to report on government activities. The FY 2017 request will enable us to partner with more than 50 NGOs and media outlets to expand the quality and quantity of local language content that provides objective and balanced information on local and world events. In FY 2017, USAID will continue to work with the Supreme Court of Kazakhstan on addressing implementation gaps in recently enacted institutional reform legislation, in addition to helping judges become more familiar with international best practices in civil and commercial law.

Ranking 12th in the world in emissions per capita, Kazakhstan has set ambitious goals to transform to a 'green economy' by 2050. USAID helps to strengthen Kazakhstan's green energy policies, improve energy efficiency and increase the supply of renewable energy. Going forward, USAID will support Kazakhstan's goal of increasing its renewable energy share from 3 percent to 10 percent by 2030 by improving its enabling environment for clean energy investment. Investment in renewable energy—of which Kazakhstan has enormous untapped potential—can help meet greenhouse gas emissions reduction goals while stimulating economic growth that helps create more skilled jobs.

Kyrgyz Republic

The Kyrgyz Republic is the only democracy in Central Asia. Despite the country's democratic progress, impediments to development remain, including high unemployment, constrained economic growth, widespread corruption and insufficient government capacity to provide key social services. The upcoming presidential election in 2017 will be critical to the country's continued democratic development, since its governing system remains fragile.

To support hard-won democratic gains and long-term stability and prosperity, USAID focuses on sustaining and strengthening the country's fledgling democracy. We have supported the development of advisory bodies consisting of civil society and government representatives that now oversee the work of 33 government ministries and agencies. While the councils are far from perfect, their creation and ongoing work are a substantial step forward in recognizing civil society's key role in public policy making and oversight of government. Our 2015 parliamentary elections support over two years contributed to the carrying out of elections that international observers widely heralded as competitive and transparent. We are working with all three branches of government to strengthen processes and improve effectiveness. Our support has helped pave the way for a ten-fold increase in Government of Kyrgyz Republic funding for comprehensive training for judges.

USAID supports economic growth activities in the poorest regions of the Kyrgyz Republic—home to significant numbers of labor migrants—by integrating smallholder farmers into value chains and helping agro-processors earn better livelihoods. USAID also targets the tourism, construction materials and apparel sectors that have the potential to drive more equitable economic growth benefiting average Kyrgyz citizens and creating job opportunities at home.

Tajikistan

Sharing a long border with Afghanistan, Tajikistan is the poorest of the five Central Asian countries and faces many challenges, including food insecurity, declining literacy rates, low productivity and high unemployment. USAID partners with the people of Tajikistan to overcome these development challenges.

Through Feed the Future, building on the support outlined earlier in my testimony, FY 2017 funding will enable us to continue targeting a 20 percent increase in household farm income and a 20 percent reduction in childhood stunting for 1.5 million people in the most densely populated, poorest region of Tajikistan. In addition to continuing to enhance TB, MDR-TB and HIV/AIDS prevention and treatment services, USAID supports the implementation of national education strategies. With 70 percent of Tajikistan's fourth graders unable to read at grade level, we developed a teacher training curriculum for grades one through four that the Tajik government is implementing nationwide to increase reading outcomes for more than half the country's primary school population. To address a severe lack of local language books, USAID commissioned local authors and artists to write and illustrate original children's books in the Tajik language. This year, USAID distributed thousands of copies of 57 new Tajik language titles and established 246 libraries for children throughout Tajikistan, reaching an estimated 30,000 schoolchildren.

Turkmenistan

After years of centralized control, Turkmenistan has stated an interest in reforming its economy to incorporate and adopt international financial standards in order to participate more fully in the global economy. While issues of transparency, lack of independent media and tightly controlled access to most data and statistics remain, the changing economic landscape is providing new opportunities for engagement and partnership. Through demand-driven programs in economic growth, governance and health, USAID supports local efforts to foster a more open and integrated society. We are helping to introduce international banking and transaction standards. In addition, we have provided technical assistance, training and study tour opportunities to Turkmen officials and members of civil society to enhance their understanding of good governance principles. The U.S. Government continues to provide critical support to Turkmenistan's tiny CSO community, enabling it to receive accurate information and guidance on navigating the country's legal and institutional framework. Over three years, USAID supported more than 575 such consultations, enabling CSOs to play a more active role in civic life.

Uzbekistan

Uzbekistan accounts for 45 percent of Central Asia's total population and is located directly north of Afghanistan, making it a crucial development partner in the region. A former Soviet Republic striving to modernize its economy and infrastructure, Uzbekistan is facing serious challenges generating jobs for its young and rapidly growing population. USAID is helping Uzbekistan diversify its economy and increase trade, develop its government to be more responsive to its people, and more effectively combat TB and HIV/AIDS.

Agriculture production is a key engine of Uzbekistan's economy, with agriculture accounting for nearly one-fourth of the country's export earnings. While Uzbekistan's agricultural sector is heavily dependent on exports to Russia, it has great potential to expand to other markets and diversify beyond the traditionally grown crops of cotton and wheat to higher-value and less resource-intensive crops. USAID works with a wide range of partners at all stages of the value chain to increase and improve production, branding, processing and marketing of fruits and other horticulture produce. We also collaborate with the Government of Uzbekistan to lower trade barriers and with Uzbek firms to improve their export capacity. USAID program participants nearly quadrupled the aggregate value of their agriculture exports between 2013 and 2014.

USAID has engaged with the government to reform the judicial sector, which has increased transparency of the court system. We have helped the Supreme Court and lower civil courts expand their electronic court system to seven new courts, and we have helped upgrade the Supreme Court's website to allow for online civil case filing and better access to information. We have also helped update the country's training curricula for judges and court personnel and sponsored anti-corruption training seminars with U.S. and international experts. With FY 2017 funding, USAID will engage at least 14 civil courts to train judges and court personnel and expand an online system that reduces court case processing time by more than 50 percent. The FY 2017 request would allow USAID to support the country's limited number of NGOs in Uzbekistan's challenging operating environment.

Conclusion

Mr. Chairman, in an interconnected world, we are all safer and stronger at home when fewer people face destitution, when our trading partners are flourishing, when nations can withstand crises, and when societies are freer, more democratic and more inclusive. The disparate countries of Central Asia face ever-more complex challenges in charting their own course, making increased USAID engagement as vital today as it was 25 years ago at independence.

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

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