

**Testimony of USAID Assistant Administrator Erin E. McKee**  
**House Foreign Affairs Committee Subcommittee on Europe**  
**FY 2024 President's Budget Request for Europe**  
**May 23, 2023**

Chairman Kean, Ranking Member Keating, distinguished members of the Subcommittee on Europe, thank you for the opportunity to testify about the President's Fiscal Year (FY) 2024 Budget Request, and its importance for USAID's foreign assistance programming across Europe and Eurasia. As you all know, we are over a year into the Kremlin's unprovoked war against Ukraine; a war that has displaced approximately 13 million people – including more than 8 million who have been forced to flee the country. Ukraine is defending itself against Russian aggression and we are supporting this defense, as well as reconstruction and humanitarian efforts. While we do not know what 2024 holds, we know that significant challenges will persist across the region as a result of the Kremlin's unjustified brutality. However, thanks to bipartisan support and supplemental appropriations from Congress over the past year, we have been able to provide life-saving and other critical support to the citizens and Government of Ukraine.

For example, USAID has assisted the heroic workers in the energy sector to keep the heat and the lights on while Putin attempted – and failed – to weaponize the winter. Specifically, our programs provided critical equipment such as mobile heat distribution systems, generators for heating hospitals and businesses, mobile boiler houses, and more than 360 temporary heating shelters with the capacity to accommodate over 10,000 people who lost heat, along with repairs to critical infrastructure. The President's Request reflects an increase in Assistance for Europe, Eurasia, and Central Asia (AEECA) and Global Health Programming, from \$301 million in FY 2021 to \$522 million in FY 2024. This increase reflects normalizing our assistance at levels that more accurately consider the needs in relation to the current realities on the ground. Funds will be used to address critical mid- and longer-term priorities that build on the momentum from the supplemental appropriations, such as bolstering anti-corruption and governance efforts; working to increase the quality, public access, and demand for independent media to actively combat misinformation and disinformation that seeks to undermine Ukraine and other democracies; and, enhancing economic assistance by catalyzing private investment

and supporting job creation to ensure functioning local economies. This is particularly important in liberated areas to enable the return of displaced persons to their hometowns as it becomes safe to do so. This request represents a renewed and normalized level of funding, which will be necessary to advance the reforms needed for a dynamic, stable Ukraine and ensure its continued progress towards EU membership.

Meanwhile, the impact of Russia's war against Ukraine has compounded regional challenges elsewhere across Europe and Eurasia. Pro-democracy activists have been forced into exile, not only from Ukraine, where the invasion threatened their lives, security, and ability to work, but from Belarus. For example, USAID supported one media outlet that continues to operate in exile and reaches over 2 million unique visitors per month, and in some months as many as 5 million, with at least half of the views coming from *within* Belarus (in a country of only about 9 million people).

In Moldova, the economic and energy consequences of Putin's war have been pronounced, particularly Russia's strikes on Ukraine's energy infrastructure and its continued use of energy supply as a geopolitical weapon. Congress has enabled USAID to provide \$412 million in supplemental assistance to Moldova, including \$300 million for additional targeted support to the energy sector, which is vital for stabilizing the energy sector and increasing energy interconnectivity with European markets.

Looking ahead to FY 2024, the request of \$55 million for Moldova will help advance democratic initiatives, as the war next door has solidified the Government of Moldova's resolve toward democracy. As part of USAID's new Democracy Delivers Initiative, a strategy intended to bolster countries experiencing windows of democratic opportunity, USAID is surging support and expanding partnerships, including with the private sector, to help Moldova's democratic institutions deliver tangible results for citizens. We are also prioritizing funding for democracy and anti-corruption programs in Moldova. For example, USAID will work with domestic election observation and watchdog organizations to support civil society and community efforts to

monitor and observe long- and short-term political events, such as elections, and Parliamentary and ministerial activities.

The Kremlin's malign influence goes beyond Ukraine, Belarus, and Moldova. It seeks to exploit local fissures in the Western Balkans, aiming to disrupt peace and stability by sowing or exacerbating discord among ethnic groups, continuing efforts to undermine democracy and political processes, and promoting disinformation. The President's request of \$108 million across the Western Balkans provides crucial funding to address the Kremlin's malign influence, bolster inclusion in both the democratic and economic spheres, and build resilience of and regional economic cooperation among these countries. In Kosovo and Serbia, USAID is intensely focused on supporting U.S. government efforts to further the EU-led Dialogue to normalize Kosovo-Serbia relations.

The Kremlin's malign influence also exploits local fissures in Bosnia and Herzegovina, which is compounded by Russia's control of – and thereby ability to leverage or manipulate – the energy supply. The President's Request of \$31 million for USAID and State is essential to our mitigating Russia's influence in Bosnia, which includes assisting stakeholders to reform and restructure the internal natural gas sector in accordance with treaty obligations for the Energy Community of South East Europe and best international practices, and to create the preconditions to join the regional natural gas market, as well as to promote renewable energy sources. In addition, strengthening rule of law and the foundations for democratic freedom in Bosnia and Herzegovina is now more important than ever as the leader of the country's Republika Srpska entity, Milorad Dodik, increases his dangerous confrontational rhetoric, promotes discrimination against and attacks on journalists and civil society, and threatens secession.

In North Macedonia and Albania, resources will also support enduring commitments to advance efforts toward Euro-Atlantic integration. In North Macedonia, which is seeking to advance EU accession negotiations, resources will support our upcoming anti-corruption work. USAID assistance will increase citizen, civil society, media, and private sector awareness in the fight

against corruption. These efforts also create demand-driven pressure to improve government responsiveness and effectiveness.

The South Caucasus has become an increasingly turbulent and challenging subregion, as we navigate democratic backsliding, and both active and frozen conflicts. USAID's work in Georgia remains critically important to help Georgians safeguard their democracy and the country's prospects for Euro-Atlantic integration, especially in light of recent events, including the ill-advised 'foreign agents' bill, and the influx of over one hundred thousand Russian Federation citizens into Georgia. As a country invaded by Russia back in 2008, Georgia is also contending with the impact of Russia's war against Ukraine, and Russia's ongoing occupation of roughly 20 percent of its territory. USAID's democracy, human rights, and governance work in the country is designed to help Georgians stem democratic backsliding and assist partners who are actively working to counter disinformation, support citizen's human rights and fundamental freedoms, and ensure that the government remains accountable to citizens.

In Armenia and Azerbaijan, the situation remains tense following the 2020 intensive fighting, with ongoing sporadic episodes of fighting around the region of Nagorno-Karabakh, ongoing blockage of the Lachin Corridor, and incursions by Azerbaijan into the Republic of Armenia. The situation inside Nagorno-Karabakh continues to be of great concern to the USG, USAID, and the international humanitarian community. The blockage of the Lachin Corridor is putting undue stress on the civilian population of Nagorno-Karabakh – reducing access to essential services, medical treatment, and basic commodities.

USAID also sees Armenia as a real democratic bright spot, despite the growing challenges we see facing the region. Since its 'Velvet Revolution' in 2018, the Government of Armenia has embarked on key reforms in several areas, in part with USAID's support. We continue to see important new opportunities to do more there across a range of areas, from e-governance to economic growth to cleaner energy, that will help Armenia's democratic institutions become stronger and to deliver for Armenia's citizens.

FY 2024 resources will enable us to continue providing ongoing assistance to advance the prospects for peace and to foster good governance and prosperity across the South Caucasus. For example, our South Caucasus Regional Program will harmonize water resources management among Georgia and Armenia and Azerbaijan, promote rural livelihoods, and strengthen energy collaboration between Georgia and Armenia, and Georgia and Azerbaijan.

Thanks to Congress' focus and attention on Central Europe, we have increased our engagement with civic actors in Hungary and Poland. We have strengthened the support networks available to civil society across Central Europe, and have offered a comprehensive package of grants to local civil society organizations, watchdogs, and independent media. FY 2024 resources will allow us to build the skills of local organizations, independent media, and civic actors, thereby empowering them to promote democratic principles and human rights and fundamental freedoms; strengthen the competitiveness and sustainability of independent media sectors; and enhance the oversight capacity of civil society to increase adherence to the rule of law and combat corruption.

The request also includes funding for regional media and civil society programs that counter disinformation and propaganda, providing access to unbiased, fact-based information across Europe and Eurasia regarding Russia's war against Ukraine, and local news alike. For example, our Strengthening Transparency and Accountability through Investigative Reporting (STAIR) program supports investigative journalism in promoting greater accountability and transparency, improves the sector's sustainability, and advances partnerships for journalists' safety. STAIR builds on the impressive impact achieved in recent years through USAID's support of Organized Crime and Corruption Reporting Project. The request also includes funding for our flagship regional civil society programs, including the Black Sea Trust and the Prague Civil Society Center. These programs provide flexible financial and technical assistance to a wide range of local civil society and media organizations, and our work includes everything from

emergency grants for relocation and reestablishment of work in exile to anti-war messaging, humanitarian and psychosocial assistance, and other grass-root initiatives.

The challenges we face in the Europe and Eurasia region are expansive and complex, but the resources provided by Congress to date, and as requested in the President's Budget Request for FY 2024, allow for USAID to support key interventions across a range of sectors make a critically important impact to strengthen the foundations of freedom in Europe and Eurasia on behalf of the American people. Thank you for the opportunity to testify today, and I look forward to answering your questions.