

EXAMINING THE PRESIDENT'S FY 2017 BUDGET PROPOSAL FOR EUROPE AND EURASIA

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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THURSDAY, JUNE 9, 2016

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

The subcommittee met, pursuant to notice, at 2:04 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 proposal.

For the coming fiscal year the President has asked that Congress appropriate \$50 billion for international affairs programs. Over \$900 million has been requested for programs in the geographic jurisdiction of this subcommittee. This amount is much greater than what was sought just a few years ago, and I take this increased level of spending as an indication of our Government's renewed focus on the region, especially in Eastern Europe.

Increasing our efforts in that part of the world to grow diplomatic links and improve prosperity is a good thing. Yet let me note that we are currently \$19 trillion in debt, and we have added \$1 trillion to that since this same hearing was held last year. And every dollar we use to help people of foreign countries places that much more of an additional burden on the backs of the American taxpayers and their children.

All the government programs should meet a high standard, but foreign assistance in particular, if it is to be given at all, must meet rigorous standards of accountability. Congress has a duty to scrutinize the President's request to make sure that it is responsible and that it properly supports our Nation's priorities.

During my time in Congress I have participated in many hearings on assistance programs. I have always been proud of the generosity of the American people. They are willing to lend a hand to less fortunate people whom they have never met. That is certainly an admirable part of the American character. But at some point generosity and responsibility have to go hand in hand. I have grown increasingly mindful to the limits of what America can afford and of what assistance dollars can actually provide.

Today, we will discuss the effects of the ongoing war in Ukraine and the migration crisis and other factors that play in Europe. We will review our efforts and how we are coordinating with other international donors.

Lastly, let me note there is a grave distinction between humanitarian assistance and development aid. Of course we should be ready to respond to natural disasters, earthquakes, floods, and the like. However, development funds can't work if recipient countries do not undertake sound economic reforms. The role of government assistance is not to replace private investment. Private investment has to go hand in hand or eventually we will fail to accomplish our goals.

Without objection, all members will have 5 legislative days to submit additional written questions and extraneous material for the record. Hearing none, I so order.

And with that, I turn to my ranking member, Mr. Gregory Meeks, for his opening statement.

Mr. MEEKS. I want to thank you, Chairman Rohrabacher. Thank you very much for, first of all, for holding this hearing to provide us an opportunity to examine the administration's 2017 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 ongoing war in the Ukraine and in the country's struggle to reform its political economy. And while Russia continues to play a disruptive role in the region, I cannot stress enough the importance of the countries that are not in the spotlight in today's news cycle.

Europe and Eurasia is, after all, a diverse region in terms of levels of political and economic development and of cultural and historical background. It has been a difficult year in our subcommittee's region as the rise of populism, migration, and acts of terror have put additional strain on an already limited budget. 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.

The overall budget reflects a particularly urgent demand that, frankly speaking, may require more resources, in my estimation, when 2017 arrives. I am referring to the situation in Ukraine and the economic tightrope the government is currently walking. Yes, the reform of the economy must be done by the Ukrainians themselves following successive governments' failure to reform. But the new Ukrainian Government will never be able to meet the rightful demands of its citizens without the West's economic and political support. With a closing political window, I want to make sure that we help a committed government get reform right.

Not considering the Ukraine portion of the budget, however, we are left with a relatively small budget given the myriad of concerns. A few weeks ago, this subcommittee hosted a lively hearing on progress and challenges in Turkey. Since the hearing, we have witnessed additional turmoil within our NATO allies' borders, not to mention the continuing humanitarian disaster in Syria.

This is all related to the migration issue in Europe, which is of tremendous concern to me. Their path through the Balkans or

Mediterranean is fraught with danger. Yet integration into European society can also be very difficult.

All of this is to say that there is plenty of urgent work to be done in this region in coordination with our EU partners. Yet, I ask, is the EU still an attractive enough goal for the Western Balkan countries and Turkey?

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, a nonmodernized economy and Western sanctions. As a result, scores of migrant laborers, many of them men, are returning home to Central Asia. They are not only to deal with the local economy's reliance 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 they can do to support their families, people will look toward more drastic options to express their despair.

And finally, in the Caucasus, where USAID has been active in various programs in the diverse region, I would like to hear how the 2017 budget aims to address the problems that seem increasingly difficult. I am referring to the backsliding of democracy and significant flare-ups in so-called frozen conflicts.

As EU and NATO memberships become either less attractive or attainable goals in the medium term, our assistance there becomes that much more important. I realize that these conflicts are incredibly complicated and will not be solved in a day or two or even tomorrow. But I am a believer in diplomacy and would like to encourage dialogue through organizations like the OSCE.

In conclusion, I look forward to discussing the proposed 2017 budget with our four colleagues here from the State Department and USAID. It is my goal as ranking member of this subcommittee to challenge, nudge, and encourage you all to make sure our dollars are being used to their fullest potential in a diverse region that is so important to our economic and political interests.

Thank you.

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

And today we have four people whose opinion on these issues are really significant. You are people we trust in your expertise enough to be overseeing these programs. And we are anxious to hear your views. And let me just note, we are not anxious to hear them more than 5 minutes per person. And if you could sort of put the rest in the record and condense it to 5 minutes, that would be very helpful.

Unfortunately, there may be a vote between now and the questions and answers. Let's hope we can get the witnesses through by that vote.

First we have—and, again, with a name like Rohrabacher, I always forgive everybody for mispronouncing it, so please forgive me if I am mispronouncing your name—Alina Romanowski. Is that it?

Ms. ROMANOWSKI. It is actually Alina.

Mr. ROHRABACHER. Kalina.

Ms. ROMANOWSKI. Alina.

Mr. ROHRABACHER. Alina. Got it.

Ms. ROMANOWSKI. Romanowski was perfect.

Mr. ROHRABACHER. Okay. Got it. Okay.

And Alina is a State Department coordinator for U.S. assistance to Europe and Eurasia. And in that role she coordinates our assistance programs across multiple State Department bureaus and government agencies. Previously served as deputy assistance administrator to USAID's Middle East Bureau and held senior positions in the Bureau of Educational and Cultural Affairs.

Next we have Daniel Rosenblum. Got it. He is the 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 as a legislative assistant to the executive branch right here on Capitol Hill. All right.

Then Ms. Ann Marie—tell me.

Ms. YASTISHOCK. It is Yastishock.

Mr. ROHRABACHER. All right. Yastishock. Got it. The USAID assistance administrator for the Asia Bureau. She is a career senior foreign service officer who has worked on behalf of our Government around the world overseeing programs focused on building the rule of law, democracy, and governance. Her postings included Burma, Georgia, and Ukraine. Wow. That is a very tough—three tough assignments.

Then Mr. Thomas Melia. Right. Got it. Serves as USAID assistant administrator for Europe and Eurasia. He was confirmed in that role just this past December. Before then he served as deputy assistant secretary of state in the Bureau of Democracy, Human Rights and Labor. Prior to joining the State Department he worked for Freedom House, the National Democratic Institute, as well as here on Capitol Hill for then-Senator Patrick Moynihan.

Thank you all.

And we will start at this end, and you may proceed, Ms. Romanowski.

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. Chairman Rohrabacher, Ranking Member Meeks, and members of the subcommittee, thank you for inviting me here today and for your personal investment in supporting our efforts to expand a Europe whole, free, and at peace, and a safer, more open Central Asia.

Since I last appeared before this subcommittee, our partners in Europe, Eurasia and Central Asia have made progress in key areas supported through our assistance. In Ukraine, Prime Minister Groysman raised gas prices to meet IMF requirements and passed critical reforms to strength judicial independence, shrink and modernize government bureaucracy, and reform the energy sector, which significantly limits the use of Gazprom as a political lever.

In Moldova, we helped businesses move out from under Russia's trade barriers and toward free markets in the West.

In Georgia, our support to populations around the Administrative Boundary Lines has strengthened local economies and created jobs.

And in Central Asia, civil society in the Kyrgyz Republic successfully pushed officials there to reject a draft foreign agent law.

While the success of our assistance is significant, the map of a free, democratic, Europe, Eurasia, and Central Asia remains incomplete. We continue to grapple with corruption, backsliding on democracy, suppression of media and civil society, ethnic tension, and protracted conflicts across the region. Given these challenges, your increases to the budget for this region have allowed us to meet urgent needs in countering immediate threats and helping countries move toward more prosperous futures.

Our request for 2017 for the Europe/Eurasia region is \$787 million, and for Central Asia it is \$164 million.

Today I will focus on Europe and Eurasia and my colleague Dan Rosenblum will cover Central Asia.

On Europe, we align our request with four strategic objectives. First, we are committed to supporting the sovereign choice of countries to determine their own political and economic destinies. That struggle is vividly illustrated in Ukraine where Russia has sought to stymie its democratic rebirth at every turn.

Since the crisis began, the U.S. Government has committed over \$1 billion in assistance for Ukraine. This includes over \$600 million in security assistance, over \$111 million for humanitarian efforts, and about \$10 million for U.S. advisers. We have also provided the Ukrainian Government with two \$1-billion loan guarantees and signed a third agreement on June 3. To keep Ukraine's positive progress on track, we have requested \$295 million for Ukraine, which will support the next phase of its anticorruption reforms.

Like Ukraine, we are also assisting Georgia and Moldova to pursue clean, democratic governance and closer ties with the European Union. Funding for Georgia, Moldova, and Ukraine makes up 56 percent of our Fiscal Year 2017 request.

Of course, Europe as a whole remains susceptible to malign Russian influence and its dependence on Russian energy leaves it particularly exposed. Energy diversification continues to be a key component of our strategy. In the Baltics and Central Europe, for example, critical projects have reduced energy vulnerability, including the opening of new LNG terminals in Lithuania and Poland.

Our request for the Balkans includes about \$154 million to help these countries complete their democratic journeys, integrate with Europe, and reduce their vulnerabilities to external pressures.

With respect to our second objective, to combat corruption and build rule of law and accountable governance, our request will support independent judiciaries, increase government transparency, promote e-governance, and empower civil society.

Toward our third objective, we are working to reverse the backsliding on democracy and attempts to close the space for political pluralism and public discourse throughout the region. Our request includes about \$232 million for democracy programs.

Regarding our fourth objective, U.S. assistance is playing an important role in addressing serious challenges to peace and stability across this region and within our own country. Our request includes \$15 million for the European Security Assistance Fund to help increase the defense capacity of key allies and partners, including \$3 million for countering violent extremism in the Balkans.

We must not forget, however, the importance of building bridges between people. In Russia in particular, we will continue to support direct engagement between Russians and Americans.

For 25 years our assistance to this region has been leading the way in tearing down walls, building lasting connections between peoples, and improving the lives of millions. Our request has been designed with today's tough budget climate in mind. We are committed to working diligently and effectively with the resources provided by the American people in the service of our values and our national interest throughout the region.

I will now turn to my colleague Dan Rosenblum to detail our Central Asia request. I look forward to your questions, and thank you.

[The prepared statement of Ms. Romanowski follows:]

Written Testimony of Alina L. Romanowski
Coordinator of U.S. Assistance to Europe, Eurasia and Central
Subcommittee on Europe, Eurasia and Emerging Threats
June 9, 2016

Chairman Rohrabacher, Ranking Member Meeks and members of the Subcommittee, thank you for inviting me here today to testify and for the personal investment so many of you have made in our efforts to expand and deepen a “Europe whole, free and at peace” and a safer, more open Central Asia. Your bipartisan support, your CODEL visits, and the assistance you and your fellow members have provided are truly making a difference.

Since I last appeared before this subcommittee a year ago, our partners in Europe, Eurasia, and Central Asia have taken brave steps and made progress in key areas supported through our assistance:

- In Ukraine, President Poroshenko and the Rada replaced a Prosecutor-General widely seen as corrupt. Prime Minister Groyzman and his team raised gas prices to meet IMF requirements, and critical reforms were passed in the Rada to strengthen judicial independence, shrink and modernize government bureaucracy, and reform the energy sector.
- In Moldova, we helped businesses move out from under the weight of Russia’s trade barriers and toward free markets in the West, leading to progress on Moldova’s Association Agreement with the EU and the Deep and Comprehensive Free Trade Agreement.
- In Georgia, our support to populations around the Administrative Boundary Lines has strengthened local economies and created thousands of jobs, thereby keeping local populations from having to leave their homes and become internally displaced persons.

- Countries including Ukraine have started developing alternative energy supply sources, limiting the use of Gazprom as a political lever.
- And, in Central Asia, specifically the Kyrgyz Republic, we have supported civil society organizations, engaged with Parliament and, successfully pushed officials there to reject a draft “foreign agent” law.

These investments continue a long history of success associated with U.S. assistance in this region, and we are grateful to Congress for the generous support it has provided.

While the success of our assistance is significant, the map of a free, democratic, market-based Europe, Eurasia, and Central Asia remains incomplete. We continue to grapple with corruption, backsliding on democracy, suppression of media and civil society, ethnic tension, and protracted conflicts in states across the region.

In light of these challenges, your increases to the budgets for Europe, Eurasia, and Central Asia have allowed us to meet urgent needs in countering immediate threats and helping countries in this region move toward Euro-Atlantic institutions and more prosperous futures.

In the upcoming fiscal year, we seek to balance the region’s priorities with our tough budgetary environment. The FY 2017 request for the Europe and Eurasia region is \$787.4 million. For Central Asia, our FY 2017 request is \$164.1 million. My testimony today will first focus on Europe and Eurasia, after which I will cover Central Asia.

On Europe: we have aligned our budget request with four broad strategic objectives: (1) demonstrating our continued commitment to countries as they chart their political and economic futures in the face of bullying from outside actors; (2) bolstering countries’ efforts to

combat corruption, build rule of law, and foster clean, transparent, accountable governance that delivers for their people; (3) deepening and expanding democracy, political openness, civil society, and free, independent media; and (4) rolling back transnational threats that rob the region of its prosperity and undermine its security.

Let me address each of these four objectives.

First, we are committed to supporting the sovereign choice of countries to determine their own political and economic destinies. That struggle is most vividly illustrated in Ukraine, where Russia has sought to stymie democratic rebirth at every turn – with political pressure, economic pressure, and with military aggression and violation of international law.

As Vice President Biden said in Kyiv, “the United States will continue to stand with Ukraine against Russian aggression. We’re providing support to help and train and assist security forces, and we’ve relied on and rallied the rest of the world to Ukraine’s cause.” Since the crisis began, the U.S. government has committed over a billion dollars in assistance for Ukraine. This figure includes over \$600 million in security assistance, over \$111 million to support humanitarian efforts, and approximately \$10 million for U.S. advisors that serve in Ukrainian ministries and localities. In addition, the United States has provided the Ukrainian Government with two \$1 billion loan guarantees, and signed a third agreement on June 3 to provide a third loan guarantee later this summer.

As mentioned in my introduction, while our investment in Ukraine is long-term, we are already seeing positive results. Ukraine has largely stabilized its currency and is rebuilding its reserves, seen modest growth in the economy, approved a 2016 budget in line with IMF requirements, passed civil service reform to create competition and transparency, recruited a new corporate board for Naftogaz, broke its own record for greatest wheat exports, and began to decentralize

power and budget authority to local communities to improve services and policing for citizens.

Ukraine has clearly made strong progress in the face of severe challenges. To keep this momentum going, we have requested about \$295 million for Ukraine in FY 2017. With this funding, we expect Ukraine to move to the next phase of its cross-sector anti-corruption reforms, including police, justice sector, tax and customs, and energy-related reforms; further its implementation of decentralization reform, and strengthen civil society and independent media; create an enabling business environment that attracts foreign and domestic investment; and continue to undertake extensive defense reforms to modernize Ukraine's military and security services and increase interoperability with NATO.

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.

As in Ukraine, Russia has sought to derail the European integration of Moldova and Georgia. Russia has introduced trade barriers, leveraged its control of energy supplies, and undermined the sovereignty and territorial integrity of these states by expanding its purported "borderization," and signing so-called "treaties" with breakaway regions in both countries. To help these countries become more resilient against future threats, funding for Georgia, Moldova, and Ukraine makes up 56% of our FY 2017 request for Europe and Eurasia and will further promote economic growth, energy independence, and defense capacity throughout the region.

Of course, our efforts to build a stronger, more resilient Europe cannot end in Georgia, Moldova, or Ukraine. Europe, as a whole,

remains susceptible to malign Russian influence, and its dependence on Russian energy leaves it particularly exposed.

In an effort to reverse this trend and minimize the influence of Russian energy on the region, our energy assistance programs aim to:

- Increase efficiency to reduce overall demand;
- Support regulatory reform in line with EU standards, accelerate integration with European energy markets, and increase transparency, accountability, and efficiency of energy producers;
- Promote diversification, including through the development of renewable energy sources, alternative routes, and reverse flow; and
- Develop a business enabling environment to encourage greater investment in infrastructure.

We are already seeing these efforts bear fruit.

Energy diversification also continues to be a key component of our strategy, and we have seen progress on this front across Europe. In the Baltics and Central Europe, critical projects and actions have reduced energy vulnerability, including the opening of Lithuania's and Poland's new Liquefied Natural Gas (LNG) terminals, and the construction of electricity grid connections between the Baltic countries and their EU partners.

We appreciate the attention so many members of this subcommittee have paid to these issues, your visits to countries under threat, and your energy security advocacy, including for the completion of projects like the Southern Gas Corridor and against schemes like

Nord Stream II that will increase Europe's dependence on single energy sources.

Our FY 2017 request for the Western Balkans includes approximately \$154 million to help these countries complete their democratic journeys, integrate into European and Euro-Atlantic institutions, and reduce their 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. Our rule of law and law enforcement programming will also bolster Balkan efforts to fight the scourge of migrant smuggling, ease the suffering of refugees, and mitigate the impact of the migration crisis on our European partners.

With regards to our partner countries' path towards economic resiliency, our assistance helps address the exceptionally high levels of unemployment, particularly for young people; enhances the economic competitiveness of businesses, expands access to finance for small and medium enterprises and entrepreneurs; and provides business skills training for individuals, including those leading to internationally recognized certifications.

And to finally close the chapter on ethnic tension and polarization in the Balkans, we support initiatives that tackle regional challenges and advance reforms needed to support normalization agreements of relations between Serbia and Kosovo, and that underpin the socioeconomic and political reforms needed to strengthen efficient democratic institutions in Bosnia and Herzegovina. In Kosovo, our assistance represents a continued investment in the development of a truly multi-ethnic democracy, in which all citizens can expect transparency and results from their government, and where energy security is assured.

With respect to our second objective, we are working to help countries, civil society, and the private sector in Eastern Europe and

the Balkans to strengthen rule of law and combat the cancer of corruption. The reason is simple. As Secretary Kerry said in London last month, “Corruption tears at the entire fabric of a society.... [It] is as much of an enemy... as some of the extremists we’re fighting or some of the other challenges that we have faced.”

Our FY 2017 budget request will support our anti-corruption efforts, strengthen justice-sector projects, support independent and effective judiciaries, increase government transparency, promote e-governance tools, and empower civil society across the region. The United States will work with partners at all levels—local, regional, national, and cross-border— to enhance their work.

In this, we will build on recent progress. In Albania, our technical assistance has advanced Albania’s process to overhaul judicial administration and improve accountability for corruption, and we continue to work with the Albanians to ensure passage of a comprehensive judicial reform package.

In Macedonia, we are providing essential capacity building and technical assistance to the recently-established Special Prosecutor’s Office (SPO)—one element of the Prizino agreement aimed at resolving the ongoing political crisis. The SPO has made important progress in investigating the wiretapping scandal that led to the crisis, all the while ensuring transparency with the public and media on the state of ongoing investigations.

In Bosnia and Herzegovina, we are capitalizing on previous work to facilitate the drafting and passage of new whistleblower protection legislation by providing legal assistance to whistleblowers and victims of corruption needed to utilize that mechanism. We are also empowering citizens to combat corruption in the health, education, and public procurement and employment sectors through civic monitoring and evidence-based research.

Toward our third objective, we are working to reverse the worrying trend of backsliding on democracy and attempts to close the space for political pluralism, public discourse, and democratic dissent throughout the region. 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 in their favor.

Our FY 2017 request for democracy funding is approximately \$232 million and is aimed at empowering citizens to engage with their governments, whether through civil society, independent media, the justice sector, or through political activism. We will proudly support 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; countering democratic backsliding; and supporting those brave activists, journalists, and ordinary citizens who hold governments accountable to their international obligations and live up to the democratic principles often enshrined in their constitutions.

In regard to our fourth strategic objective, U.S. assistance is playing an important role in enhancing security and addressing serious challenges that threaten peace and stability across this region and within our own country. These threats include Russian aggression in Ukraine, ongoing Russian occupation of Georgia's Abkhazia and South Ossetia regions, disputes in Nagorno-Karabakh and Transnistria, organized crime and illicit trafficking, violent extremism, foreign fighters traveling from Europe to Syria and back, and the proliferation of weapons of mass destruction.

Peace and Security programs that will work to address these problems account for almost \$304 million or 39 percent of the total FY 2017 request for Europe and Eurasia. Included in this amount is

\$3 million to address the challenge of countering violent extremism in the Western Balkans. The FY 2017 request also includes \$15 million for a European Security Assistance Fund within the Europe and Eurasia Regional budget to help increase the defense capacity of key allies and partners as well as \$3 million to address the challenge of countering violent extremism in the Western Balkans.

We will use these security funds to strengthen national territorial defense and expeditionary capabilities in support of collective security.

The President's Budget Request also includes \$3.4 billion for the European Reassurance Initiative. Although this is not a State Department program, the fulfillment of this request is critical to our diplomacy efforts and to our defense and deterrence posture in Europe.

While our efforts to bolster regional security and defense are critical to deterring future threats, they cannot replace the importance of building bridges and sharing ideas between peoples. In Russia, in particular, we continue to support direct engagement between Russians and Americans, including through peer-to-peer, education, and cultural programs and would ask that Congress provide some limited flexibility in affording these valuable opportunities to Russians who choose to engage, such as teachers and professors at state-run schools and universities.

These four strategic goals have been designed with today's tough budget climate in mind. As the United States and the international community renew their investment, we are engaging with all stakeholders to avoid duplication and ensure that U.S. assistance is targeted effectively. This includes regular communication with host government officials and European and other international donors, and of course, continued dialogue with civil society, the private sector, and the public to ensure that all voices are heard.

Thankfully, this region has a history of producing a good return on investment. Of the 24 original SEED assistance countries, 17 have joined the World Trade Organization, 10 have acceded to the European Union, and 12 have joined NATO. The 11 countries that have graduated from our assistance programs are strong allies, with some even providing their own economic assistance in the region. 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 other countries of the post-Soviet space.

Turning to Central Asia, the region continues to be of strategic importance to the United States and is critical in creating the connectivity needed for the transition in Afghanistan. These countries remain an important front in the fight against terrorism and violent extremism, as well as transnational organized crime and narco-trafficking. And, as Russia's actions in Ukraine clearly demonstrate, the region needs our support for the sovereignty and territorial integrity of all five Central Asian countries, greater regional economic cooperation, and 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 safe-haven 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; and
- More democratic, accountable and inclusive governance.

In pursuing these goals, we face challenges similar to those we face in Europe—including pressure from Russia, attempts to close the space for political pluralism, public discourse and democratic dissent, and corruption—but we also face other challenges, including lack of sufficient economic opportunities, impending leadership transitions, declining remittances from migrant laborers in Russia, issues arising from the transition in Afghanistan, and the rise of threats from foreign fighters, ISIL, and other extremist groups. Human rights records remain flawed. And access to objective information and Internet freedom remains limited in many of the countries.

The FY 2017 request for the region is \$164.1 million. Our programs will help increase economic resiliency, reduce reliance on remittances, and diversify exports.

This year our assistance will be complemented by a new diplomatic initiative, the C5+1 framework, launched by Secretary Kerry during his historic Central Asia trip last fall. This diplomatic effort will amplify our assistance efforts to create economic growth programs, increase job opportunities, expand trade, develop alternate sources of energy, and enhance regional security.

In the Kyrgyz Republic, our largest assistance recipient, we will continue efforts to consolidate democracy and border programs to counter transnational crime, narco-trafficking, terrorism and violent extremism.

Our assistance throughout the region will 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.

As Secretary Kerry said when he testified before this committee in February, “There’s a reason why most people in most places still turn to the United States when important work needs to be done. It’s not because anyone expects or wants us to shoulder the full burden – but because we can be counted on to lead in the right direction and toward the right goals.” For 25 years, our assistance to Europe, Eurasia, and Central Asia has been leading the way in completing our mission of a “Europe whole, free, and at peace” and a Central Asia that is more interconnected, safe, and prosperous.

Along the way, our assistance has torn down walls, built lasting connections between peoples, and improved the lives of millions. We are aware of the very real 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.

I will now turn to my colleagues in the South and Central Asia Bureau as well as USAID to describe the programs we have in these regions in greater detail. I look forward to your questions.

**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. Mr. Chairman, Ranking Member Meeks, Mr. Weber, thank you very much for the invitation to testify today. And I ask that the full text of my statement be included in the record.

The U.S. has two fundamental national security interests in Central Asia. The first goes back to the breakup of the Soviet Union when the U.S. set out to support the effort by the peoples of Central Asia to establish independent sovereign states free from undue external interference or intimidation.

Our second primary interest is the stability of these sovereign and independent nations. We seek to prevent violence and the emergence of conditions that could result in states becoming havens for terrorist groups hostile to the United States.

Those two key national security interests can best be achieved, we believe, by promoting security, prosperity, and good governance. That is the best recipe for long-term stability and for maintaining independence. And that is exactly the recipe supported by this budget request.

Let me briefly review what we are doing in each of those three areas.

Our security efforts focus on improving border security and strengthening the capacity of local security forces to counter terrorist threats. Our partners in Central Asia share our goal of disrupting the finance and recruitment efforts of Daesh and other international terrorist groups.

Of course our trainings and other security-related engagements always emphasize that violent extremism must be distinguished from peaceful acts of expression, assembly, association and religious practice. We stress that stronger protections for basic rights and freedoms will make the countries of Central Asia safer and more secure and, by extension, make us safer and more secure.

Our economic efforts are focused on promoting internal market-oriented reforms and economic diversification, as well as better connectivity among the Central Asian states and with their neighbors.

Central Asia remains one of the least economically integrated regions in the world. What is more, the region's economy has been deeply affected over the past 2 years by Russia's negative economic growth and by low global commodity prices, leading to currency depreciation and a greatly decreased flow of remittances being sent home by migrant workers in Russia.

These trends make the economic programming in this request more important than ever. We are promoting good governance in Central Asia through a variety of programs, including technical assistance to support internal reforms, and the strengthening of independent media and civil society.

We also know it is essential to address the deeply rooted problem of corruption, which not only contributes to potential radicalization, but also harms the vitality of the private sector.

The recent creation of the so-called C5+1 diplomatic platform following Secretary Kerry's historic trip to all five states in Central Asia last fall could allow for unprecedented regional cooperation on

issues of common concern. Secretary Kerry and the five Central Asian foreign ministers agreed to form working groups to address economic connectivity, environmental challenges, and security concerns, especially the threat of violent extremism. We are grateful that Congress provided explicit funding in its Fiscal Year 2016 appropriation to support this platform with concrete regional projects.

Mr. Chairman, I want to say with respect to Central Asia's relations with its neighbors that we do not see political and economic developments in Central Asia through the prism of a zero-sum game. This is a region where everyone can benefit from smarter security and trade that is inclusive, multidirectional, and rules based. We think that when the countries of Central Asia look around for partners, they can and should choose as many as they wish.

Finally, we think it is very important to recall that these are relatively young countries that are celebrating this year only their first quarter century of independence. The U.S. was one of the first countries to recognize the new states of Central Asia, and since then our support for their sovereignty, independence, and territorial integrity has been and will continue to be ironclad.

If these governments can make a greater commitment to accountable, transparent, and inclusive governance, the dynamic nations of Central Asia stand to make tremendous gains in the coming decades, gains that will not only contribute to security and prosperity in the region, but also to our United States security and prosperity.

I look forward to answering any questions members of the subcommittee might have about specific countries or specific programs, and I thank you again for the opportunity to testify.

[The prepared statement of Mr. Rosenblum follows:]

**Testimony of Daniel Rosenblum
Deputy Assistant Secretary of State for South and Central Asian Affairs
Before the House Foreign Affairs Committee Hearing on
“Examining the President’s FY 2017 Budget Proposal Europe and Eurasia”
June 09, 2016; 2:00pm**

Mr. Chairman, ranking member, and members of the subcommittee, thank you for the invitation to testify today. As you know, these budget hearings provide an important opportunity to set forth how the programs and policies supported by the American taxpayer are advancing our nation’s interests and values, both at home and abroad.

The United States has two fundamental, long-term national security interests in Central Asia. The first one goes back decades, to the breakup of the Soviet Union, when, with strong bipartisan support from Congress, the United States set out to support the effort by the nations of Central Asia to establish independent, sovereign states, capable of pursuing their own policies and interests free from undue external interference or intimidation. The stability of those sovereign and independent nations is our second primary interest in the region: we seek to prevent violence and the emergence of conditions that could result in states becoming havens for terrorist groups hostile to the United States.

Those two key national security interests can best be achieved through promoting security, prosperity, and good governance – and that is exactly what the programs and policies supported by this budget request set out to do. Allow me to briefly review our overall efforts for each of those three pillars, and then I will go into more detail country-by-country.

Our security efforts focus on improving border security, strengthening the capacity of law enforcement, and countering terrorism. Our partners in Central Asia share

our goal to disrupt and destroy the finance and recruitment efforts of Da'esh and other international terrorist groups, as well as to counter the spread of violent extremism. Of course, our trainings and other security-related efforts seek to underscore that violent extremism must be distinguished from peaceful acts of expression, assembly, association, and religious practice. The depth and breadth of our security assistance for some of the states of Central Asia is limited by their human rights records, and we repeatedly make the point – especially at the highest levels – that a stronger partnership with the United States is predicated upon the substantial improvement of those records. We believe that stronger protections for human rights will make the countries of Central Asia safer and more secure and, by extension, make the United States safer and more secure. While we recognize that our own record on human rights is not perfect, we know that efforts to protect and advance the fundamental rights and freedoms of all our citizens has made us a stronger and more resilient nation over time. That is a message we share in all corners of the globe, including Central Asia.

Our economic efforts are focused on linking the economies and populations of Central Asia, which remains one of the least economically-integrated regions in the world. What's more, the region's economies have suffered over the past several years from low commodity prices, currency depreciation, decreased remittances from migrant workers in Russia, and weaker growth. These trends make regional connectivity and economic diversification more urgent and important than ever.

Through our New Silk Road initiative, which seeks to connect Central Asia to South Asia – with Afghanistan at the hub – we are pursuing four principal lines of effort: (1) building a regional energy market; (2) improving trade and transport routes; (3) streamlining customs and border crossings; and (4) creating linkages between peoples and between businesses. The CASA-1000 regional energy

project, which will help Kyrgyzstan and Tajikistan sell excess summer hydroelectricity to energy-hungry Afghanistan and Pakistan, is an important step toward creating a regional energy market. The U.S. supported this project by laying out the vision, using our convening power to bring governments together, and providing technical expertise, creating a strong proof-of-concept for the New Silk Road

As we know, corruption is a deep-rooted problem in Central Asia, and one that not only contributes to potential radicalization but also harms the economic vitality of the private sector. So we are promoting good governance in Central Asia through a variety of channels, including technical assistance on internal reforms and the strengthening of both the independent media and civil society, as well as expanded efforts to counter violent extremism.

The recent creation of the C5+1 diplomatic platform, following Secretary Kerry's historic trip to all five states of Central Asia, could allow for unprecedented regional cooperation on issues of common concern. The C5+1 recently formed working groups to address economic connectivity, environmental challenges, and security concerns, especially the threat of violent extremism. This new minister-level platform allows participating countries to voice their policy and programmatic agendas, giving them an ownership stake in identifying and advancing a common regional agenda. While still in its early stages, we see great potential in the C5+1 platform to find regional solutions to some of Central Asia's most pressing issues.

Underpinning this regional approach are our bilateral relationships, and each country has unique circumstances that form the basis for our engagements. Kazakhstan, for example, has Central Asia's most advanced economy and is a

leader in advancing regional cooperation, stopping the proliferation of nuclear weapons, countering terrorism and violent extremism, promoting energy security, and creating a favorable business climate for international trade and investment. That last point is especially evident in Kazakhstan's accession to the WTO last year and its hosting of the World Expo next year. U.S. businesses have invested well over ten billion dollars in Kazakhstan, and our commercial ties are growing stronger every year. We are also working with Kazakhstan to enhance the capacity and professionalism of its military, which is interested in taking on a larger role in UN peacekeeping operations. Yet the country still has a long way to go in terms of democratic development. Our FY 2017 budget request of \$8.8 million for Kazakhstan (a 5 percent increase from FY 2015) will help support a healthier civil society, easier access to information of all kinds, stronger civic engagement, and a more independent judiciary. These programs will support the objectives of Kazakhstan's recently introduced "100 Steps" program, which aims to stimulate economic development, develop a professional civil service, and strengthen civil society and a national identity. We also believe that these programs will make Kazakhstan a stronger country, not just by empowering its citizens to play a larger role in their nation's future, but also by creating the conditions for a deeper and broader partnership with the United States.

Kyrgyzstan remains the region's only parliamentary democracy, and our FY 2017 request of \$51.8 million (a 39 percent increase from FY 2015) will strengthen our support for the country's nascent democratic institutions. In particular, we are focusing on building the government's capacity in oversight, management, and legislative drafting. Kyrgyzstan's democracy is showing signs of increased strength and resilience: the last parliamentary elections in 2015 were competitive and transparent, and last month Kyrgyzstan's parliament rejected a bill that, in its

earlier forms, would have required civil society organizations to register as “foreign agents,” if they received funding from overseas. Our FY 2017 request also includes increased funding to help Kyrgyzstan diversify its economy and strengthen its private sector, thereby reducing its reliance on remittances from migrant workers. Kyrgyzstan is at a critical point in its reform process, and the right investments made now in government accountability and service delivery could help it unlock much-needed growth in the future.

Tajikistan is also facing strong economic headwinds: its economy is largely dependent on money sent home by migrant laborers in Russia, and those remittances are down 43 percent since 2014. The combination of returning migrant workers and a lack of job prospects at home could result in new economic stresses and social tensions. Our FY 2017 request of \$41.6 million (a 44 percent increase from FY 2015) will help the government and the private sector address growing shortages in areas of basic need, including food, education, and healthcare. In addition, our resources will go toward improving Tajikistan’s state institutions, as a more effective, accountable, and transparent government can better protect public safety and respond to crises. What’s more, improved government capacity, a better business environment, a more vibrant private-sector, and the opportunity for skills development will allow more Tajiks to find work in their own country, where they are less vulnerable to recruitment and radicalization by violent extremists. Our resources will also go toward enhancing the capacity and professionalism of Tajikistan’s military, law enforcement, and border security forces. Tajikistan shares a nearly 900-mile border with Afghanistan, making it a critical partner in that country’s goal of becoming a more self-reliant state, and combating flows of narcotics, weapons, and foreign fighters. In all of the above efforts, we emphasize that stability depends on open and transparent government and security institutions

that protect, not restrict, the human rights and freedoms of all people. We make it very clear that suppressing human rights and fundamental freedoms in the name of addressing perceived threats – and this includes restrictions on peaceful religious practice, the elimination of peaceful political opposition, and the imprisonment of political opponents – is counterproductive to the government’s security and economic interests, and limits the potential of our partnership.

Turkmenistan also faces challenges securing its borders against criminal and terrorist activity. It is concerned about the security of its 460-mile border with Afghanistan, and works closely with the Afghan government to build habits of cooperation, including through the provision of discounted electricity, humanitarian assistance, and infrastructure development. While it possesses ample natural resources, Turkmenistan has not developed its human resources and harshly represses its people’s human rights and fundamental freedoms.

Its first president dismantled many of the country’s educational institutions, and its highly centralized government isolates its population from the outside world, exacerbating human capital challenges. We believe a sustainable path in the 21st century will require countries to develop their people’s ability to connect, innovate, and compete in the knowledge economy. Our FY 2017 request of \$4.8 million for Turkmenistan (a 43 percent increase from FY 2015) will support Turkmenistan’s efforts to diversify its economy, as well as provide education and skills development for its citizens.

Uzbekistan, meanwhile, is at the center of Central Asia, and is the region’s most populous country. Besides Liechtenstein, it is the only double land-locked country in the world, making its future economic success especially dependent on improved regional connectivity, and underscoring why its participation in the C5+1

platform is so important. With a relatively young and highly educated population, Uzbekistan's human capital gives it tremendous economic potential. Its strategic position also makes it an important partner in ensuring regional security and combating criminal networks and terrorist groups. And Uzbekistan is fiercely independent, often standing up to regional powers that seek to exert their influence. Our partnership with Uzbekistan is therefore an important one, but one also limited by a poor human rights record. Our FY 2017 request of \$11.6 million (a 9 percent increase from FY 2015) includes increased funding for rule of law programming, including improving the transparency, independence, and professionalism of the judicial sector. Our request also includes increased funding for programs to improve Uzbekistan's economic resilience, in particular to diversify its agricultural sector away from a reliance on cotton production. And while much still remains to be done to eliminate forced labor from the cotton sector, Uzbekistan has made significant progress, signing a Decent Work Country Program with the International Labor Organization and enforcing a ban on the use of child labor for the cotton harvest. We are still very concerned, however, with prison conditions in Uzbekistan, and regularly express the need to release political prisoners. As with all our relationships in Central Asia, our continued engagement with Uzbekistan seeks a society that respects the rule of law, human rights, and democracy, in order to build a stronger foundation for stability, sustained economic growth, and sovereign independence.

I would like to take a moment to talk about Central Asia's neighboring regional powers. Russia's destabilizing actions on its periphery in recent years are a clear threat to the stability of the post-Cold War order, and the states of Central Asia have taken notice. While they share strong historical, political, economic, security, and cultural ties with Russia, they realize they must balance these ties with strong

and mutually beneficial relations with other countries. Our efforts to assist with economic diversification and connectivity with markets to the east, west, and south reflect this imperative. In addition, Russia's well-financed propaganda machine has made deep inroads into public opinion among the populations of Central Asia. It is important that Central Asian media and the people they serve have access to multiple sources of objective information, and are not solely relying on one, often extremely one-sided and distorted perspective. In this budget request, we are therefore seeking continued funding to cooperate with media outlets in Central Asia to professionalize and improve the production and distribution of news and entertainment content. We are also requesting increased funding to promote the consumption of alternative media sources that provide more accurate reporting of regional and global developments.

Recent years have also seen China vastly increase its economic influence in Central Asia – it is now the largest trading partner of four out of five of the region's countries. China is also financing a variety of infrastructure projects in Central Asia, with the goal of improving the economic prospects of its own western provinces. While we see complementarities between China's efforts to improve regional connectivity and our own, we continue to emphasize with our partners in Central Asia that infrastructure development must be done in a transparent and sustainable way.

Above all, we do not see political and economic developments in Central Asia through the prism of a zero-sum game. This is a region where everyone can benefit from stronger connectivity, smarter security, and greater trade – especially trade that is inclusive, multi-directional, and rules-based. We think that when the countries of Central Asia look around for partners, they can and should choose as many as they can. Each country is increasingly pursuing its interests in a way that

strategically balances powerful neighbors with distant friends. And each country has committed, in one form or another, to advancing common goals of greater economic connectivity, stronger regional security, and a cleaner regional and global environment.

I believe that the many developments we are seeing in Central Asia signify a momentous shift in the region's trajectory. These are relatively young countries that will celebrate a quarter century of independence later this year. We were one of the first countries to recognize the new states of Central Asia and, since then, our support for their sovereignty, independence, and territorial integrity has been and will continue to be ironclad. With a greater commitment of their governments to accountability and good governance, as well as the continued support of the United States, the dynamic and diverse nations of Central Asia stand to make tremendous gains in the coming decades – gains that can contribute to security and prosperity both in the region and beyond, including here in the United States.

Thank you again for the opportunity to testify today on this important region, and I look forward to your questions.

STATEMENT OF THE HONORABLE THOMAS MELIA, ASSISTANT ADMINISTRATOR, EUROPE AND EURASIA BUREAU, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. MELIA. Chairman Rohrabacher, Ranking Member Meeks, Representative Weber, on behalf of the U.S. Agency for International Development, I thank you for this opportunity to testify today in support of the President's Fiscal Year 2017 request for Europe and Eurasia. I would ask that the full text of my testimony be inserted in the record and I will just touch on a few high points.

The Europe and Eurasia region is in part a tremendous success story about U.S. assistance, providing case studies of targeted aid that helped countries transition quickly to free markets and democratic systems. Twelve countries have transitioned from receiving U.S. assistance and are now important U.S. partners and allies in the region and around the world. Yet the region's transformation remains incomplete. Progress is uneven in key areas, important achievements are at risk, and in a few cases we are seeing regression.

In the Western Balkans, while there are key points of progress—Croatia and Slovenia have entered the EU, Montenegro and Serbia are in EU accession negotiations, and a Stabilization and Association Agreement with Kosovo entered into force on April 1—other countries struggle.

In addition, a troublingly high number of Western Balkan citizens have joined radical violent Islamic extremist groups and traveled to conflict areas to join the fight. While the numbers have decreased in recent months, Bosnia and Kosovo remain among the top contributors, on a per capita basis, of foreign fighters traveling from Europe to Syria and Iraq. Stagnant economic conditions and high levels of youth unemployment, as well as Kosovo's continued isolation on the world stage, provide ripe conditions for radicalization. Through programs that help improve the economic prosperity of these countries and promote good governance, USAID seeks to address these drivers of violent extremism.

The President's combined State and USAID request for the Balkans reflects a broad number of U.S. foreign policy objectives. Collaboration with host governments is real and significant in the Western Balkans, and U.S. aid and technical advice is highly valued.

In Albania, our bilateral assistance strengthens the country's justice sector, improves local governance, and helps civil society serve as a watchdog.

In Bosnia and Herzegovina our diverse program addresses the issue of radicalization. USAID initiated a 3-year program in 2015 that pilots new approaches to address youth disenfranchisement and enhance opportunities for young people to participate in community initiatives. This effort will be implemented in six at-risk communities where there is evidence that young people are being recruited as foreign fighters for Syria and Iraq. This project provides psychosocial support to youth deemed vulnerable to radicalization through trained and experienced teams of psychologists.

In Kosovo, in addition to major efforts in energy security and economic growth, USAID will continue to seek to move the country

closer to membership in the EU and to normalize relations with Serbia. Our work in inter-ethnic dialogue focuses at the grassroots community level by helping people come together to recognize that their futures are intertwined.

In Serbia, our assistance focuses on strengthening democratic institutions and the rule of law, reducing corruption, enhancing democratic and economic inclusion, supporting civil society, and increasing access to independent information. With \$2 million in Complex Crises Funds, USAID in Serbia also launched a program to mitigate the impact of migrants on local communities, which at its peak in 2015 was seeing upwards of 5,000 migrants per day transiting through Serbian municipalities. Just last month, I visited one such refugee facility outside Belgrade run by the Vlade Divac Foundation, where our assistance helps improve crisis response coordination between the government and civil society service providers.

The President's State/USAID request for Armenia, Azerbaijan, and Georgia will address urgent issues in a fraught region. In Armenia, our assistance will help alleviate disproportionate economic dependence on Russia, integrate Armenia into regional energy systems, and promote local governance initiatives. In Azerbaijan, we continue to look for opportunities to advance democratic and economic reforms and support civil society despite significant restrictions on our partners. In Georgia, we continue to work with the government and independent actors in civil society and the media to ensure that Georgia continues on a path to democracy and that the gains achieved to date are sustained.

Finally, supporting Ukraine's comprehensive reform effort remains one of the agency's top priorities and the President's Fiscal Year 2017 State/USAID request will allow us to continue that work. We will be building that out in partnership with Prime Minister Groyzman who is visiting Washington next week, meeting with USAID Administrator Gayle Smith and other senior administration officials.

Ukraine is fighting a war on two fronts. Externally, Ukraine continues to combat Russia's aggressive actions. Our support also requires that Ukraine continue to battle against corruption, the internal enemy that has held Ukraine back for well over two decades. The U.S. has provided more than \$1.1 billion in foreign assistance to Ukraine since the crisis began, and now also a third sovereign loan guarantee that was signed on June 3. To support anticorruption efforts, USAID has also deployed U.S. advisers and experts within several Ukrainian ministries. We have also been active in providing humanitarian assistance and addressing some of the mounting public health crises in Ukraine.

In conclusion, I would just say that we must not forget that the countries of Southeast Europe and the former Soviet Union are still young states working to build political institutions, regulatory and market frameworks, and institutional competencies required to access the capital and energy technology markets that will secure their futures. U.S. assistance, mostly technical or advisory, is critical to continued integration into the European and world systems. We must recognize that Europe is being tested by the continued flow of migrants and refugees, Russia's continued actions, and the

growing potential of violent extremism gaining traction in the region. U.S. national security interests require sustained engagement in this region now more than ever.

Thank you for your attention, and I will be glad to take your questions.

[The prepared statement of Mr. Melia follows:]

Statement of the Honorable Thomas O. Melia
Assistant Administrator, Bureau for Europe and Eurasia
U.S. Agency for International Development
House Foreign Affairs Subcommittee on Europe, Eurasia, and Emerging Threats
“Examining the President’s FY 2017 Budget Proposal for Europe and Eurasia”
June 9, 2016

Chairman Rohrabacher, Ranking Member Meeks, distinguished Members of the Subcommittee, on behalf of the U.S. Agency for International Development (USAID), thank you for this opportunity to testify today regarding the President’s Fiscal Year (FY) 2017 budget request for Europe and Eurasia.

USAID has long played an important role in Europe and Eurasia, which has seen considerable advances in freedom, security, and prosperity over the past quarter century. Twelve countries have transitioned from receiving U.S. assistance, successfully integrating into the Euro-Atlantic community through institutions such as NATO and the European Union (EU). Many of these countries are now important U.S. partners and allies in the region and around the world. Yet the region’s transformation remains incomplete; progress is uneven in key areas, important achievements are at risk and, in a few cases, we are seeing regression.

The region also continues to face external challenges. Today, Russia’s aggressive actions threaten democratic progress and undermine peace, stability, democracy and prosperity throughout the region. Not only do the Western Balkans continue to have internal challenges with stability, they have struggled to deal with a refugee and migrant crisis, with more than a million asylum seekers and migrants transiting through the region en route to western Europe in 2015.

Thus, U.S. assistance remains an important national security instrument in realizing the overarching goal of a Europe whole, free, and at peace. This is why USAID is committed to assisting countries in the region on the path to democratic consolidation, economic independence, and Euro-Atlantic integration. Our efforts are focused on supporting economic, energy, justice-sector and democratic reforms that foster resilient, democratic societies while advancing our shared security and prosperity.

Western Balkans

While there are key points of progress -- Croatia and Slovenia have entered the EU, Montenegro and Serbia are in ongoing EU accession negotiations, and a Stabilization and Association Agreement with Kosovo entered into force on April 1 -- the Western Balkans region as a whole continues to struggle with stalled EU integration, backsliding on reforms, and increased external pressure from Russia.

In addition, a troublingly high number of Western Balkan citizens have joined violent extremist groups and travelled to conflict areas. While the numbers have decreased in recent months, Bosnia and Kosovo remain among the top contributors, on a per capita basis, of foreign fighters traveling from Europe to Syria and Iraq. Stagnant economic conditions and high levels of youth unemployment as well as Kosovo's continued isolation on the world stage provide ripe conditions for radicalization. Through programs that help improve the economic prosperity of these countries and promote good governance, USAID seeks to address these drivers of violent extremism.

The President's FY 2017 combined State and USAID request of \$154.4 million for the Balkans reflects a broad number of U.S. foreign policy objectives. Collaboration with host governments is real and significant in the Western Balkans and U.S. assistance and technical advice are highly sought after and valued.

In Albania, USAID bilateral assistance strengthens the country's justice sector, improves local governance, and helps civil society develop its capacity to serve as a watchdog. With USAID assistance, the Albanian government has strengthened the rule of law by making digital audio recording the official record of courtroom proceedings, not only ensuring a more transparent judicial process, but also showing a commitment to long-term sustainability. USAID's regional programming has supported the improvement of conditions for sustainable economic growth. Despite modest funding, USAID's development and support of Albania's national telemedicine network dramatically reduced the number of patients in rural communities referred to hospitals in major cities by providing virtual access to quality health services. The telemedicine network is believed to have resulted in savings of more than \$3.1 million in 2015.

In Bosnia and Herzegovina (BiH), USAID support has helped implement socio-economic, rule of law and governance reforms, including improvement of government accountability and efficiency. This has helped improve trade with Europe and promoted inter-ethnic dialogue and reconciliation. This past year, USAID-implemented agricultural activities focused on linking small producers to EU markets and provided income for almost 1,500 rural households and created seasonal jobs for about 4,500 small-scale farmers. To address the issue of radicalization within BiH, USAID initiated a three-year activity in 2015 that pilots new approaches to address youth disenfranchisement and enhance opportunities for young people to participate in community initiatives. This effort, aimed at countering violent extremism, will be implemented in six at-risk communities where there is evidence that young people are being recruited as foreign fighters for Syria and Iraq. This pilot project provides psychosocial support to youth deemed vulnerable to radicalization through trained and experienced teams of psychologists. USAID also continued implementing its *Trust, Understanding, and Responsibility for the Future* project, which assists targeted communities in BiH to counter violent extremism by engaging at-

risk youth. These efforts were designed in consultation with young people and tailored to their local environment and, after being discussed in community forums, are gaining wider support. The youth-led initiatives enhanced the capacity of the targeted communities to reject negative influences. To achieve this, USAID mobilized religious leaders to engage with key influencers in the community to showcase the positive work of youth in building peace.

In Kosovo, USAID will continue to seek to move the country closer to membership in the EU and to normalize relations with Serbia. USAID's work in inter-ethnic dialogue focuses at the grassroots, community level by helping people come together to recognize their futures are intertwined. There is also continued progress in the discussion among the U.S. Government, including USAID, the Government of Kosovo, and the World Bank regarding the construction of *Kosovo C*, a power plant that will support Kosovo's broader energy security, significantly reduce air pollution and contribute to enhanced regional cooperation.

In Macedonia, USAID will support political processes, reform of the justice sector, growth of civil society, improvement of ethnic relations, and greater access to independent, balanced information. Regional programming efforts by USAID have sought to strengthen conditions for sustainable economic growth. Through USAID's support, 450 primary and secondary schools in Macedonia established School Integration Teams that initiate joint teacher and student curricular and extracurricular activities. This project brought together thousands of teachers and students from different ethnic groups, a first experience of interaction for many participants living in ethnically homogenous areas. USAID's continuing work in the *Grow More Corn* initiative has showed farmers how to increase their yield three-fold. The Ministry of Agriculture recognizes the importance of this activity and has subsidized the purchase of drip irrigation equipment in the national program for agriculture.

It is worth noting that in 2015, almost 800,000 refugees, transited through Macedonia, a country of roughly 2.1 million people. With modest resources and working with a local legal rights organization, USAID's Mission in Skopje is supporting efforts to ensure the human rights of the most vulnerable migrants, especially women and children.

USAID also supports Serbia's integration into Euro-Atlantic institutions. Our assistance focuses on strengthening democratic institutions and the rule of law, reducing corruption, enhancing democratic and economic inclusion, supporting civil society and increasing access to independent information. Regional programming efforts by USAID have supported the improvement of conditions for sustainable economic growth. With \$2 million in Complex Crises Funds (CCF) USAID/Serbia also launched a program to mitigate the impact of migrants on local communities, which, at its peak in 2015 was seeing upwards of 5,000 migrants per day transiting through Serbian municipalities. The program is focused on improving crisis response coordination between government and civil society service providers.

Southern Caucasus

The President's FY 2017 State/USAID request of \$129.7 million for Armenia, Azerbaijan and Georgia will demonstrate the United States' continued support to the region, help build resilience against Russian pressure, and advance democratic and economic reforms.

In Armenia, USAID assistance will help alleviate disproportionate economic dependence on Russia, counter aggressive Russian propaganda, integrate Armenia into regional energy systems and promote local governance initiatives. USAID, in partnership with other elements of the U.S. country team in Yerevan, seeks to increase the capacity of civil society and media in the fight against corruption. USAID's strategic focus on anti-corruption will also help fulfill economic growth goals, as investors seek transparent and fair environments.

In Azerbaijan, USAID continues to look for opportunities to advance democratic and economic reforms and support civil society despite significant restrictions on our partners. Our work seeks to build the capacity of civil society and support the growth of non-oil sectors of the economy while also working to advance participatory and transparent democracy and governance processes. USAID's agricultural programs have increased technical skills in 18 regions, contributing to increased sales, boosting farmers' incomes and expanding market access. USAID's assistance has helped beneficiaries access approximately \$1 million in agricultural loans from local financial institutions through USAID's Development Credit Authority. By helping these farmers and agribusinesses meet EU food standards, these activities have increased trade diversity and resilience by reducing traditional Russian market dominance and creating new trading partnerships.

USAID is also currently funding de-mining assistance in the former Nagorno-Karabakh Autonomous Region in order to declare it mine-free at the earliest opportunity.

In Georgia, USAID is seeking to strengthen democratic reforms with the goal of anchoring Georgia firmly in the Euro-Atlantic community. Our programming efforts focus on economic growth, harmonization with the EU, strengthening civil society, democratic governance and independent media, and increasing Georgia's resilience against Russian pressure. We continue to work with the Georgian government to ensure that Georgia continues on the path to democracy and that the gains achieved to date are sustained. This past year U.S. assistance in the agricultural sector benefited over 124,000 rural households and created approximately 4,300 jobs in agriculture. Additionally, USAID provides targeted assistance focused on improving the livelihoods and the resilience of vulnerable communities adjacent to the administrative boundary line (ABL) separating the Russian occupied territories of Abkhazia and South Ossetia from the rest of Georgia.

Belarus, Moldova, and Ukraine

The President's FY 2017 request of \$9 million maintains a stable level of support for Belarus programs. In light of the restrictive environment in Belarus, USAID assistance focuses on working to establish more spaces for free expression, promote more free and fair elections, and support a more active civil society. USAID also works to expand the private sector through support to small and medium enterprises, as well as through working with business associations on regulatory reforms. In 2015, we provided over 30 small grants focused on providing trainings for 237 micro enterprises, 46 percent of which are women-owned, in ecotourism management in Grodno and Brest. In 2015, USAID also supported *Euroradio*, the only external media group accredited and operating in Belarus. *Euroradio* is internet-based and continues to increase its audience.

In Moldova, this is a critical time to push the government to continue taking further steps toward greater European integration and the implementation of meaningful reforms. As part of the President's FY 2017 State/USAID Request of \$59.1 million for programs in Moldova, USAID would strengthen institutions of democracy and rule of law, especially in the justice sector, and continue to promote a decentralized and participatory political environment through civil society and media organizations. USAID's work also seeks to improve the business regulatory environment and enhance private sector competitiveness, promote energy security for Moldova – including through the country's closer integration into European energy markets – and incorporate strong anti-corruption elements in our programs to increase transparency. USAID support for packaging, quality assurance, branding, and marketing facilitated the sale of \$8.5 million in fruit and vegetables, the majority of which were exported to new markets such as Bangladesh, Egypt, Mongolia, Thailand and the United Arab Emirates. The implementation of the Customs e-Declaration system improved transparency and reduced the need for and frequency of direct contact with government officials, allowing traders to submit declarations and supporting documents online, facilitated by the development of legal texts and implementing procedures. Programs like these not only improve the business-operating environment, but also build public faith in government by removing opportunities for officials to manipulate the process.

Supporting Ukraine's comprehensive reform effort remains one of the Agency's top priorities, and the President's FY 2017 State/USAID request of \$294.9 million will allow us to continue that work. I would like to thank the Committee members for your steadfast commitment to our efforts in Ukraine. Many of you have traveled to Ukraine, reinforcing the U.S. commitment to Ukraine's sovereignty and democratic transition and raising awareness of the continued challenges Ukraine faces on its path to a democracy governed by the rule of law. USAID is well-positioned to work with Ukraine's newly formed government, in large part because of our

longstanding and multifaceted engagement with Ukraine since its independence in 1991. We have a strong on-the-ground presence, institutional credibility, and development expertise, all of which enable our Mission in Kyiv to work effectively with the Government of Ukraine, international partners, and civil society to meet the needs of the Ukrainian people. USAID has worked tirelessly to learn the lessons of the Orange Revolution and build on the momentum created by the Euro-Maidan Movement to push for reforms that will unlock systematic and sustainable change. In short, we seek to support the development of Ukraine into a nation that fulfills its people's desire for peace, freedom, democracy, and prosperity.

Ukraine is fighting a war on two fronts. Externally, Ukraine continues to combat Russia's aggressive actions, including continued military actions in violation of international law, as well as attempts to stifle and undermine Ukraine's democratic path through political and economic pressure. The United States stands at Ukraine's side as it pushes back against Russian pressure, aggressive actions, and occupation. Our support also requires that Ukraine continue to battle against corruption, an internal enemy that has held Ukraine back from progressing as a democratic, prosperous nation for well over two decades. After the fall of communism, Ukraine's levers of power were seized by corrupt oligarchs and kleptocratic politicians who hollowed out the country's nascent institutions for their own gain. Their choices created a nation crippled by corruption with a stagnant economy.

We have seen the resolve of the Ukrainian people to demand better from their government. The Euro-Maidan Movement was driven by the call for reforms, and the desire for a democratic Ukraine is reflected throughout the country. The people's demands must be matched by the political will to implement reforms that create a more democratic Ukraine that is governed by the rule of law. If there is a lack of progress on internal reforms and the fight against corruption, Ukraine will not only lose the battle against its internal enemy, but also hand Russia an easy victory. In the past two years, Ukraine has made significant strides, particularly in strengthening its economy, ensuring energy security and - with U.S. support - in decentralization, one of the top priorities of both the Ukrainian government and civil society. USAID will continue to support the Government of Ukraine's implementation of critical economic and political reforms, including combating pervasive corruption and strengthening the administration of justice and government integrity.

The U.S. has supported economic growth, including through macro-economic assistance, which has helped stabilize the Ukrainian economy. The U.S. has provided more than \$1.1 billion in foreign assistance to Ukraine since the crisis began, as well as two \$1 billion sovereign loan guarantees. An agreement for a third up to \$1 billion loan guarantee was signed on June 3. To support good governance and anti-corruption efforts, USAID has deployed U.S. advisors and experts within several Ukrainian ministries. For example, USAID provided an "e-governance" advisor to the Ukrainian government to assist in the passage of Ukraine's e-procurement law,

diminishing opportunities for bribe-taking and open up tenders to wider competition. So far over \$200 million has been saved from the central government's budget by this reform. By providing human capital, USAID is able to transfer knowledge and have a sustainable, long-lasting impact on the reform efforts.

USAID's approach to reform within Ukraine's energy sector includes both near-term priorities and longer-term development needs. We have improved electricity sector resilience by enhancing the capability of the electric power system operators to respond to unexpected changes in power demand. USAID has been an integral partner in Ukraine's integration into EU energy markets by helping update legislation that brings Ukrainian gas and electricity markets into better alignment with EU norms and requirements. We have also supported the removal of policy barriers to energy efficiency, including improving tariff regulation and creating an enabling policy environment to promote the financial sustainability of public and private investments into energy efficiency.

Ukraine signed an Association Agreement, which includes the Deep and Comprehensive Free Trade Area, with the EU in June 2014, which established a new policy framework for the agriculture sector. The agreement requires Ukraine to align laws and policies to meet EU standards to facilitate trade. U.S. assistance supports the Ministry of Agriculture in implementing reforms and adapting policies to promote exports so that the agreement's potential can be fulfilled. Additionally, U.S. assistance helps build the capacity of Ukrainian agriculture to penetrate new export markets beyond the EU, as well as strengthen existing and develop new agricultural producer organizations.

In terms of humanitarian assistance, the needs in eastern Ukraine are great. The U.S. government has contributed \$111.8 million in humanitarian assistance to the most vulnerable people in eastern Ukraine. USAID's efforts provide shelter, relief commodities, water and sanitation service, and livelihoods support for internally displaced people (IDPs). USAID has been working with government, civic organizations, and local media to support IDPs and mitigate the growing tensions arising from the large influx of IDPs into communities already hard hit by the country's economic crisis.

Although the HIV epidemic in Ukraine is on the decline, the country still has the second highest number of cases in Europe, estimated at 223,000 in 2015. Ukraine's tuberculosis (TB) burden is also one of the highest in Europe with an estimated prevalence of 114 cases per 100,000 people and a mortality rate of 2.7 per 100,000 in 2014. Among TB patients tested for HIV, 20 percent were found to be HIV-positive, with TB causing approximately 50 percent of all reported deaths among people living with HIV. Ukraine's epidemic of multidrug-resistant TB (MDR-TB) is also of concern, with an estimated annual incidence of 22,000 cases while the country successfully detected only 3,500 in 2009 and 10,700 in 2015. USAID provides technical assistance to

improve the quality of HIV services, increase the proportion of Ukrainians aware of their HIV status, link people living with HIV/AIDS to treatment and care, and raise the capacity of Ukrainian organizations to deliver HIV and HIV/TB co-infection services. USAID improves the way that HIV programs are run and supports programs that reduce the stigma and discrimination affecting people living with HIV/AIDS. For TB, USAID implements evidence-based practices that improve TB prevention and control and increase access to MDR-TB diagnosis and treatment. USAID programs expanded access to effective TB prevention, diagnosis, treatment, and care services to nearly half of Ukraine's population and upgraded multi-drug resistant TB and TB/HIV co-infection treatments to meet international standards. Starting this year, USAID is assisting Ukraine to introduce novel anti-TB medicines and novel regimens for MDR-TB cases to improve adherence and treatment results. Low to non-existent Routine Immunization resulted in the 2015 outbreak of Vaccine Derived Polio Virus in Ukraine. Though this outbreak was recently stopped, the required national polio immunization coverage of 95 percent was never reached. Likewise, other critical vaccinations such as those for diphtheria and measles have not been consistently administered since 2007-2008 leaving much of Ukraine, and susceptible populations in Europe, open to an outbreak. Both diphtheria and measles outbreaks are predicted in Ukraine for the coming year and, according to the World Health Organization, a second polio outbreak remains a very high risk.

There has been progress in key areas in Ukraine and we are hopeful that the new government will continue to push forward and implement a robust reform agenda. Our continued commitment to success in Ukraine not only indicates to the Ukrainian people that we are serious about seeing a reformed, more democratic Ukraine, but also sends a message to the region that we continue to be committed to democracy-building and pushing back against those who would prefer to see a corrupt and authoritarian Russian vassal re-emerge.

Conclusion

We must not forget that the countries of Southeast Europe and the former Soviet Union are still young states, working to build the political institutions, regulatory and market frameworks, and institutional competencies required to access the capital and energy technology markets that will secure their futures. U.S. assistance is critical to continued Euro-Atlantic integration and democratic growth in the region. We must recognize that Europe is being tested by growing Russian aggressive actions, the continued flow of migrants and refugees, and the growing potential of violent extremism gaining traction in the region. The migrant and refugee crisis has highlighted cracks within the EU that impact its strength and stability as an institution. Europe has redirected portions of humanitarian assistance to address domestic impacts of supporting the more than one million individuals who are seeking asylum within its borders. U.S. national interests require sustained engagement in this region now more than ever.

USAID appreciates the continued support for Europe and Eurasia from members of this Committee. I appreciate today's opportunity to testify and welcome your questions.

STATEMENT OF MS. ANN MARIE YASTISHOCK, DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. YASTISHOCK. Chairman Rohrabacher, Ranking Member Meeks, and distinguished subcommittee members, thank you for the opportunity to testify today on USAID's role in advancing U.S. foreign policy goals in Central Asia. Before I begin, I ask that my full statement also be entered into the record.

Mr. ROHRABACHER. So ordered.

Ms. YASTISHOCK. Thank you.

The Fiscal Year 2017 budget request of \$164.1 million for foreign assistance in Central Asia reflects an increased commitment to American engagement in this strategically important region and is crucial to its success. Central Asia 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.

Our request furthers USAID's mission to end extreme poverty and promote resilient democratic societies while also countering Russian pressure in Central Asia through increased funding to reduce dependence on Russia's economy and increased access to objective local news. Our request supports efforts to counter violent extremism by addressing its drivers with an emphasis on assistance to labor migrants.

And the request supports USAID's efforts to address pressing development challenges in three main areas. First, increasing economic connectivity to create jobs and stronger country-to-country ties; second, meeting urgent human needs of global consequence; and, third, promoting stability through accountable and inclusive governance.

First, on economic connectivity, offering little economic opportunity at home, the countries of Central Asia are some of the world's most dependent on remittances from abroad. To reduce this massive flow of migrant labor and contribute to a more stable, prosperous region, our assistance is encouraging domestic economic policy reforms that promote trade, attract investment, and create jobs. Under the New Silk Road and C5+1 initiatives, we are promoting connectivity on energy and trade.

Second, we are meeting urgent health, food security, and environmental needs. On health, the region has come a long way with our assistance. Yet Central Asia battles some of the highest rates of multidrug-resistant tuberculosis in the world. USAID is working on multiple fronts to help the region reverse this trend, including with rapid testing technology from California.

On food security, we are working through the Feed the Future Initiative in Tajikistan to reduce poverty, undernutrition and stunting, and we are helping the region's wheat growers adapt to more frequent droughts, in addition to encouraging regional cooperation on water management.

Third, we are promoting stability through accountable and inclusive governance. USAID support is wide-ranging and tailored to each unique country context from a robust array of democratic systems strengthening programs in the Kyrgyz Republic, civil society and rule of law support for targeted groups in Tajikistan, and court

system strengthening that is opening the door to greater rule of law exposure in Uzbekistan.

I will highlight key assistance areas in the five countries.

In Kazakhstan, we partner to encourage further democratic reforms, improve health services and food security. 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.

In the Kyrgyz Republic—the only democracy in Central Asia—our support contributed to parliamentary elections in October 2015 that international observers widely declared as credible, transparent, and accountable. USAID focuses on sustaining and strengthening the country’s democratic processes heading into next year’s Presidential election.

In Tajikistan, the poorest of the Central Asian countries, boosting agricultural productivity is essential to improving lives. Fiscal Year 2017 funding will enable us to continue targeting a 20-percent increase in household farm income and a 20-percent reduction in childhood stunting.

In Turkmenistan—one of the most isolated countries in the world—USAID supports Turkmenistan in participating more fully in the global economy through reforms and the introduction of international financial standards. We have provided training and study tour opportunities to Turkmen officials and civil society members to enhance their understanding of good governance principles.

And finally, in Uzbekistan we are expanding agricultural opportunities and promoting more responsive governance. Our request enables us to support Uzbekistan’s limited number of NGOs, which are operating in a challenging environment.

Mr. Chairman, the countries of Central Asia face ever-more complex challenges in charting their own course, making USAID engagement as vital today as it was 25 years ago at independence. I appreciate the opportunity to testify today and look forward to your counsel and questions.

[The prepared statement of Ms. Yastishock follows:]

STATEMENT OF ANN MARIE YASTISHOCK
Deputy Assistant Administrator for Asia
United States Agency for International Development
 Before the

House Committee on Foreign Affairs; Subcommittee on Europe, Eurasia and Emerging Threats
“Examining the President’s FY 2017 Budget Proposal for Europe and Eurasia”
 Thursday, June 9, 2016

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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Mr. ROHRABACHER. Well, thank you to all of you. And just a few questions.

Let's look at Kosovo, because you spent considerable time talking about Kosovo. It has been over 20 years now, and we have played a dominant role in their government and in advising them and making them a priority for us in that part. Now you tell me that Kosovo is the number one country where foreign fighters for ISIL are being recruited. What does that say about our development system in that part of the world?

Mr. MELIA. Well, I would say a couple things in response to that, Mr. Chairman. One is that Kosovo ranks high on a per capita basis. It is a small country with a small population. So it is on a per capita basis that they rank relatively high, at the top of the scale in Europe, but of course there are countries in the Middle East and elsewhere that provide larger numbers and on a per capita basis as well. But it is a significant problem nonetheless. It may be small in absolute numbers, but it is a problem anywhere that foreign fighters are being recruited.

Mr. ROHRABACHER. Any guesstimate over the last 20 years what we have spent in Kosovo?

Mr. MELIA. I don't have that with me today. I would be glad to provide that to you later.

Mr. ROHRABACHER. But it is a considerable amount of money, and it is probably more than, as you say, for any other country its size, it is probably one of the highest level. Wouldn't you say?

Mr. MELIA. I believe it is relatively high. Certainly on a per capital basis.

Mr. ROHRABACHER. So let's just note that where we have been involved the most, we now have the highest recruiting level for those people who are getting involved in terrorism. Something is wrong. Something is wrong with that.

I know Kosovo also has been the country which has been the wonderful recipient of mosques provided by Saudi Arabia. Isn't that the case? So we are providing assistance and money and something to help them develop, which has not seemed to work, and the Saudis provide mosques in order to train these people in radical Islam.

There is something very, very wrong with that whole formula. I would think that, number one, again, it comes down to should our aid be involved with humanitarian emergency aid or should it be involved with development aid. And, quite frankly, it doesn't sound, from what I have seen over the years, the development part of it is not a very successful element. Helping people whose lives are in danger because of Ebola or an earthquake or a tsunami, that we have gone good at. But this development doesn't seem to have worked.

By the way, in terms of the refugees, how much are we now putting in? Can someone answer? How much are we putting into the refugees in Europe? How many billions of dollars or hundreds of millions or what are we talking about?

Ms. ROMANOWSKI. Actually, Mr. Chairman, if I could also add, go back just briefly, if you would permit me to Kosovo and specifically our support.

Mr. ROHRABACHER. Sure.

Ms. ROMANOWSKI. I will say that we are making progress, and many of the Balkan countries that do have foreign fighter challenges are building countering violent extremist strategies, and they have started to take and enact some legislation. They have developed national security CVE strategies, with our help they have, and in our budget for 2017 we do have about \$3 million that we are going to put to help them support tackling that problem. They recognize they have a problem, and they want our assistance in helping it. So we are doing that.

Mr. ROHRABACHER. Well, I guess spending all that money on strategies means that strategists get a lot of money. That is great.

Ms. ROMANOWSKI. And they are also going ahead and undertaking legislation that will allow them to go after the foreign fighter.

Mr. ROHRABACHER. Let me ask you this. Have we given money to, I guess in Europe it is the Interpol, specifically added to their money so they can track down terrorist organizations?

Ms. ROMANOWSKI. I will have to get back to you with the answer to that question about whether we specifically support Interpol. But I know that we do share information.

Mr. ROHRABACHER. Yeah. It would seem to me that the development strategies that we have had in Kosovo, if you look at that, have not worked. We visited Kosovo last year. Young people continue to be unemployed with no hope of new jobs. And we end up with all of these mosques. But, again, in terms of how much are we providing for humanitarian emergency assistance to the refugees in Europe, Western Europe.

Ms. ROMANOWSKI. If you may, we have at this point provided to UNHCR for humanitarian assistance to Greece, western Turkey, and the Balkans, in 2015 we provided about \$26.6 million. And this year, in 2016, about \$41 million.

Mr. ROHRABACHER. \$41 million. And that is going to what countries again?

Ms. ROMANOWSKI. It is going to UNHCR, the United Nations humanitarian organization.

Mr. ROHRABACHER. Right. What countries do they provide money to?

Ms. ROMANOWSKI. In this particular case, they are supporting Greece, western Turkey, and the Balkans, as well as the rest of the world in humanitarian assistance.

Mr. ROHRABACHER. Okay. And let's just note, in this humanitarian crisis that is now being faced in Europe, that these are basically Muslim people who are going into different cultures and there are a number of Muslim countries who perhaps could be doing more for them. It is beyond me how this thing is all going to play out in the end. But we do see with Kosovo that we have got a serious problem if people who are not in the Middle East are being recruited into these terrorist organization. That is really worrisome.

I will yield now to Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chairman.

And I want to thank all four of you for your dedicated work, USAID, State Department. I think the American public really doesn't understand the significance and the importance of the work that you do and how it integrates and helps us all move forward.

So I just want to thank you for your service, number one. It is very, very important. And we have got to figure out a way that we can let the American people know how important it is, because oftentimes, I guess, because they don't understand when they hear about funding to the State Department and to foreign affairs, et cetera, they think that it is wasted money. I don't know of a better investment.

We need to have these dialogues so that we can understand and try to make sure that we break it down so that they understand why certain dollars go where and the significance of it. So, for example, I know when we talk about the OCO account, why we would want money to go there as opposed to the general budget and/or money that may be set aside for the DRG.

In fact, when I was looking at the State Department's budget in 2015 for Europe and Eurasia budget, only 20 percent of that at the time was placed in the OCO account and it looks like now that that figure has grown to about 60 percent. So I am just trying to understand why would we move and go from 20 to 60.

Ms. ROMANOWSKI. If I can address that question. Our level of commitment to each of our countries should be judged, I think, by the overall level of resources dedicated to supporting our strategy and not necessarily specifically the breakdown of OCO versus base funding.

This question of OCO and base funding was something that the Department—it was part of a larger conversation between the Congress and the administration within the context of the 2016 budget. And in coordination, I think, we have an agreement that our OCO funding will be targeted to areas impacted by the manmade crises as well as natural disasters.

So for our region in Europe, this means allocating OCO to the frontline countries in crisis or are continuing in crisis, such as Ukraine, Georgia, and Moldova, which are not progressing as quickly and still need a lot of our support for the reforms they need to undertake. And for Central Asia, it meant allocating OCO to the Central Asia regional program, which does address the regional integration of Afghanistan and countering Russian pressure.

So we understand the difference and we have an understanding that at the end of the day our assistance will go to those countries that need it and that we believe continue to need our assistance and also are making progress.

Mr. MEEKS. Thank you. And I think the other thing, again, when we talk about assistance and working together, maybe I will ask Mr. Melia this, do we, and if we do, how do we coordinate with our European Union allies on assistance to countries in Europe and Eurasia so that we can make sure we are getting the best bang for our buck and we are working collectively together?

Mr. MELIA. Sure. Thank you for the question, Congressman Meeks.

In the 10 locations in the wider Eastern European region where we have offices or missions, we have regular consultation with other donors in country. We do that jointly with State Department colleagues at the Embassies in those countries, and we work very closely to make sure that we are working in tandem with them.

In those places where we have a very small presence, like in Macedonia and in Albania in particular I am thinking of, we have struck interesting partnerships with European donors where they are putting money into some of the programs that we have designed and are implementing to enlarge them, to make them last longer or cover a wider swath of the country, in enhancing agricultural production techniques or in supporting judicial sector reform in particular, I am recalling.

Just a few weeks ago, we signed a memorandum of understanding with the Government of Romania to work together in assistance programs. For them that means largely in Moldova, one of the weakest countries out of the former Soviet Union, joining Romania. Today we signed a specific agreement where they are joining us in an agricultural production project together.

So we look for opportunities to leverage our small presence to enlarge it with others' contributions. I would say that our people in the field are very entrepreneurial that way in looking for ways to maximize the American investment.

Mr. MEEKS. Can you tell me, are there any countries within our subcommittee's jurisdiction that are being provided migration and/or refugee assistance and why those countries as opposed to others directly?

Mr. MELIA. Well, the principal places that have been the focus of our limited efforts on helping communities and countries deal with the migration crisis were Serbia and Macedonia, which were facing the brunt of it.

Macedonia, last year we had a \$3.5 million bilateral program as the foundation of our presence there. It is a very small presence. So in order to be able to deal with a sudden crisis like the migrant tide that washed in last year, we drew money from Washington, and this \$2 million investment that went to Serbia, and a smaller amount that went to Macedonia, enabled us to finance local groups' efforts to provide social services to the migrants that were coming through, advising them on their rights, helping provide shelter.

But the larger American investment in helping this has gone through our colleagues at the State Department's PRM Bureau, which has put money through U.N. agencies. I saw those U.N. agencies on the ground in Macedonia and in Serbia providing those kinds of services with "Blue Jackets" and under the multinational flag.

But the U.S. is providing about a third, as I understand, about a third of the money that has gone into the UNHCR efforts in the Balkans in the last year or two.

Ms. ROMANOWSKI. Congressman, if I could also add, we do have also ongoing programs that deal with border security and border control. And at the peak of the flow of the migrants where those countries had no clue how to deal with it, our presence of our INL and border collaboration was able to actually help those countries think differently on how they would have to address the flow and get a handle on it. So we have been very involved in providing the kinds of technical advice, technical assistance, and also just simply best practices that some of these countries desperately needed at the time of the crisis.

At this point there are also some refugees who are left in some of those countries now that the borders are somewhat closed and we will continue to respond to their interests in sort of how do we manage those migrants and refugees who are there who are sitting there waiting for going back or moving on.

Mr. MEEKS. Thank you.

Mr. ROHRABACHER. Thank you very much. Just a few questions for the record my staff would like to ask, and then a couple of my own points.

Could you give us an update on U.S. participation in Expo 2017 in Kazakhstan? Someone have any information on that for us? Will the U.S. and the U.S. companies be able to fully participate in that expo.

Mr. ROSENBLUM. Mr. Chairman, I can respond to that.

So, as you may know, under current law the Department of State can't spend appropriated funds on U.S. pavilions or major exhibits at international expos, unless funds are expressly appropriated by Congress for that purpose. And as a result, as part of a longer-term effort to address this, in the 2017 budget request the State Department is actually proposing language to address that. To allow for funds to be spent toward international expos.

But in the meantime, with respect to the Kazakhstan expo, we are in a bit of a bind, I would say. You know that the last expo, which was in Milan, Italy, was a big success as a representational event. It got, I think, 6.1 million visitors came to the U.S. pavilion. But as a financial matter it was not such a great success. The private sector partner who raised money for that expo didn't raise the necessary amount. And we are now working with that private sector partner to find a solution to the debt.

But in the meantime, even though the Astana expo will cost less than the Milan one did, without having strong financial commitments from the private sector the Department of State can't confidently proceed to give the formal U.S. blessing to the pavilion.

So we are still working with the Government of Kazakhstan, also with the Departments of Commerce and Energy, to find a creative solution to this and find some way that we can, under existing legal authorities, have a presence there.

Mr. ROHRABACHER. Thank you, Dan. Thank you very much. My staff wanted that question answered. So there you go.

And has the United States been able to sign a new bilateral assistance agreement with Kyrgyzstan to replace the one that was abrogated last year?

Mr. ROSENBLUM. I can address that as well.

Mr. ROHRABACHER. Let's hear.

Mr. ROSENBLUM. So as you probably know, last summer, our bilateral assistance agreement with Kyrgyzstan was unilaterally canceled by the Government of Kyrgyzstan. It is important that we have this because without it our assistance is subject to local taxation, which is against all U.S. policy. And so it provides us a basis for helping Kyrgyzstan in a variety of ways that we are not able to do right now.

Secretary Kerry's visit there in the fall helped to—was sort of a turning point, and I think our relationship is in a much better place today, and much—

Mr. ROHRABACHER. Headed in the right direction, would you say, now?

Mr. ROSENBLUM. Yeah, it is headed in the right direction and we are talking intensively about getting a new agreement in place and we hope to have it.

Mr. ROHRABACHER. Okay. I just noted that we have 15 minutes before the vote is over, and I will finish up my questioning here. Mr. Meeks will have his. We will see if whatever we can squeeze out, but this hearing will be adjourned at 5 minutes till the time that we have to go over and vote. So there you go.

I am a little concerned about when I keep—what role did we play in making sure that the Lithuanians have their LNG facility? Did we have any government money involved in that?

Ms. ROMANOWSKI. Mr. Chairman, I would like to get you a response for the record, but my understanding is that we did not have any resources for that. It was so—but I will get you—

Mr. ROHRABACHER. Okay. Let me just note that—

Ms. ROMANOWSKI [continuing]. An answer for the record.

Mr. ROHRABACHER [continuing]. When we are talking about, and we have people here as representatives of our Government, talking about how we are involved with—or we are in some way promoting these things, at some point I would hope that we start trying to improve relations with Russia rather than trying to hit them in the face. I mean, I just—over and over and over again part of the testimony today, and it is a policy of our Government, which you reflect, which is a hostility toward Russia that is driving us away from each other.

And every time there is something we can do that will undercut them economically or undercut them in some way in their relationship with people around them, it would be as if some—Russia would come in and do something with Mexico to try to make sure that we couldn't work with Mexico or something. These are hostile acts, as far as I am concerned, and I know my colleagues disagree with me on that.

Mr. Meeks may or may not disagree with me on that, but I think—what are we doing? Do we still fund these people-to-people exchanges with Russia? Are we at least doing some of that?

Ms. ROMANOWSKI. Mr. Chairman, yes, we are. And in fact, we are planning on continuing and I have requested funds in our 2017 budget to be able to continue to engage with people-to-people exchanges and programs between Americans and Russians who would like to engage. And it is—we have been very open about our engagement with Russia. We have consistently pointed out that the United States and Russia should continue to work together on a range of issues that affect our national security concerns.

We are also frank when we disagree, as I am sure you know, whether it is on Ukraine or on the treatment within Russia of civilian—their civil society, political opposition, or journalists. But we do believe that it is important that we maintain the people-to-people contacts. They have been invaluable. And we have requested resources.

Mr. ROHRABACHER. Let me note, I was the head of a codel. This is, you know, our committee overseas relations with Russia, as well as Europe and Central Asia. We recently headed a codel to Russia.

It was like a few months ago, and we were the first codel there in the last 3 years. People got to know, there are incredible implications to this continued role toward making things more hostile and more hostile and more hostile.

You have pictures of Russian planes buzzing our ships. Of course, no one noted, when they said that, where that ship was located, which was 26 miles from St. Petersburg and, yeah, it was international waters, but that would be the equivalent of sending a missile delivery system boat of Russia off of Catalina Island, which is 26 miles off of my shoreline. I think we need to really pay attention to try to be peacemakers where we can rather than this incredible hostility that could lead us to war, which would be a catastrophe for the world.

And with that said, Mr. Meeks, I give you the last word on that and then we will adjourn.

Mr. MEEKS. Thank you. Let me just say, one of the things I do agree with you on is that people-to-people contact is tremendously important. I think that we need to fund it and I think that that is important.

But let me just then defer with you when you talk about aggression on our side. It wasn't the United States that invaded Eastern Ukraine. It wasn't the United States that, you know, when they talk about Georgia and other countries in the region. So when you talk about aggression, it seems to me that the aggression is coming from the other side. It takes two to tango.

And I know that this President and this administration was doing everything it could to try to improve those relationships. And we have talked about, you know, against, quite frankly, some of my colleagues, not Mr. Rohrabacher, but on the other side, he was being criticized for doing it early on in his administration. And so we—but it takes two to tango. And clearly, if I look at the aggressive part, especially the military aggression, that is not on us. That is on them.

The question that I wanted to—I guess the final question that I want to ask is the current and the future shape of the European Reassurance Initiative. I know that the President is asking or is going to be asking to quadruple the ERI this year. But I just want to know, do we know how that money will be distributed? You know, because there has become some issue on the distribution or how the money will be distributed and if we are going to increase it. I, just for my edification, would like to know if there is a plan on how that will operate.

Ms. ROMANOWSKI. Congressman Meeks, I will have to get back to you on the exact details, because as you know, the European Reassurance Initiative is also a very large Defense Department program. And how it will all break down are the things that still are under a lot of discussion, and we can get back to you with the details on that.

Mr. MEEKS. That would be great. Because I think that would help, you know, especially as we are reviewing on our side, we know how the money is being spent and why. And I think it helps us when we want to explain it to the American people also and how it is to our advantage and, you know, especially when you are talking about the increase therein.

So with that, I know that we have votes, Mr. Chairman, and I don't want to miss these votes that we have got coming up. So I will yield back. Thank you.

Mr. ROHRBACHER. Thank you very much. My ranking member is right. When Russia was involved in those, we weren't involved in that with them. We were too busy in the Dominican Republic, Panama, Grenada, and helping Somoza and all of these other dictators that we have been helping and invading their country when they were overthrown. Reagan did it. Listen, I was there with Reagan too.

But the bottom line is, this is not their—we do some of the same things that we are condemning the Russians for and I do not have a double standard on that. And I think communism was the greatest evil in my lifetime and I am proud that we defeated it. But that Russia is no longer the Soviet Union, and we should be trying to aim at peace with them rather than—and reconciliation rather than beating them down every time we have a chance.

So with that said, this hearing—and thank you for your work, and my door and the ranking member's door is always open. If you have some things you would like to talk over with us, I am open to you. So please take advantage of that offer.

And with that said, this hearing is now adjourned.

[Whereupon, at 3:03 p.m., the subcommittee was adjourned.]

A P P E N D I X

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 2, 2016

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 2200 of the Rayburn House Office Building (and available on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Thursday, June 9, 2016

TIME: 2:00 p.m.

SUBJECT: Examining the President's FY 2017 Budget Proposal 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

Mr. Tom Melia
Assistant Administrator
Europe and Eurasia Bureau
U.S. Agency for International Development

Ms. Ann Marie Yastishock
Assistant Administrator
Bureau for Asia
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 Europe, Eurasia, and Emerging Threats HEARINGDay Thursday Date June 9, 2016 Room 2172 RHOBStarting Time 2:04 pm Ending Time 3:03 pmRecesses 0 (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Rep. Rohrbacher

Check all of the following that apply:

Open Session ☒Executive (closed) Session ☐Televised ☐Electronically Recorded (taped) ☒Stenographic Record ☒

TITLE OF HEARING:

Examining the President's FY 2017 Budget Proposal for Europe and Eurasia

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Meeks, Rep. Weber, Rep. Brooks

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

*N/A*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.)

N/A

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 3:03 pm
Subcommittee Staff Director