

WRITTEN TESTIMONY
Ānjali Kaur, USAID Deputy Assistant Administrator for Asia House
Foreign Affairs Subcommittee on Asia, the Pacific, Central Asia, and
Nonproliferation
“Strengthening U.S. Engagement in Central Asia”
Wednesday, September 14, 2022

Introduction

Chairman Bera, Ranking Member Chabot, distinguished subcommittee members: Thank you for inviting me to testify on USAID’s 30-year partnership with Central Asia. USAID is proud to partner with the five Central Asian countries – Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan – to help them make extraordinary development progress since their independence.

Central Asia Spillover Effects of Putin’s War in Ukraine

U.S. engagement in Central Asia has never been more critical in light of Putin’s unprovoked and unjust invasion of Ukraine. As I saw on my trip to Central Asia in May [2022] with Assistant Secretary Lu, Putin’s aggression has instigated challenges in Central Asia, including rising food insecurity and economic instability.

Putin’s continuing war on Ukraine has exacerbated the world’s most severe food crisis since World War II. It caused food and fuel prices to spike globally and contributed to rising levels of food insecurity. Vulnerable families are unable to meet their most basic nutrition needs. Tajikistan and the Kyrgyz Republic are of high concern. In Tajikistan, 27 percent of the population was already living on less than \$1.90 per day before Russia’s February continued invasion. The World Food Program (WFP) estimates that an additional 800,000 Tajiks will become severely food insecure in the coming months as a result of Russia’s war against Ukraine. WFP also estimates that 44 percent of Kyrgyzstani households will cut their food costs by choosing less expensive and less nutritious food options.

The economic consequences of Putin’s war have dealt a direct blow to the people of Central Asia. Historically, Central Asian economies have relied on Russia for trade routes, financial systems, and household income. Today, as a result of Putin’s actions, the region is now grappling with soaring inflation and shortages in commodities. The World Bank projects that the economy of the Kyrgyz Republic will contract by five percent in 2022¹ and the economy of Tajikistan² will contract by two percent. Kazakhstan, the region’s economic powerhouse, is facing severe spillover effects as well, as Russia’s economic contraction and punitive supply chain disruptions

¹ <https://www.worldbank.org/en/country/kyrgyzrepublic/overview#3>

² <https://www.worldbank.org/en/country/tajikistan/overview#3>

- such as shutting down portions of the main pipeline for Kazakhstani oil - play out in greater uncertainty and reduced investment in Kazakhstan.

With the impacts of Russia's actions, as well as the Taliban takeover of Afghanistan a year ago, Central Asian governments are reassessing their economic, political, and development needs. The region is experiencing heightened vulnerability to misinformation and disinformation; encroachment upon its independence and sovereignty; and growing external debt to the People's Republic of China (PRC).

USAID is committed to diversifying Central Asia's choices for assistance, trade, and economic prosperity, and helping to ensure that Putin's malign actions in Ukraine do not endanger the gains that the Central Asian republics have made over the last 30 years.

The Fiscal Year 2023 USAID Budget Request includes \$198.3 million for Central Asia—a 34 percent increase over the FY 2022 Request. The substantial increase underscores our commitment to addressing needs in Central Asia due to the ripple effects of Putin's war.

Implementing the Central Asia Strategy

For more than 30 years, USAID has supported our Central Asian partners. Our work is critical to achieving the goals of the U.S. Central Asia Strategy, which emphasizes regional stability and cooperation; promotes the rule of law and respect for human rights; and stimulates U.S. investment in the region, all while advancing the sovereignty, territorial integrity, and independence of our Central Asia partners. In 2020, USAID opened two new bilateral Missions, in Uzbekistan and Tajikistan, to strengthen bilateral relationships and advance our Central Asia Strategy. In the past three decades, the United States has provided more than \$9 billion in direct assistance to Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

USAID development programs strengthen democratic institutions, support civil society and independent media, counter Russian disinformation, promote economic cooperation, foster energy independence, catalyze regional climate action, promote gender equality, and advance other development priorities, such as health systems strengthening and education reform. Our development activities also aim to bolster regional cooperation and connectivity among the five countries.

Responding to the Food Security Crisis

Our FY 2023 request will help vulnerable families as they face rising food insecurity. Since June, USAID has provided \$16.5 million (in resources from Ukraine supplemental appropriation #2) to support the region with much-needed food security support. In Tajikistan, we recently launched a cash-for-assets project that will help 200,000 vulnerable Tajiks earn a livable income in exchange for work. This funding will provide families with seeds and fertilizers so they can grow nutritious food. It will also help cover costs for school feeding programs so that children have the chance to thrive. In the Kyrgyz Republic, this funding will support improved nutrition and food

loss prevention in areas hit hardest by severe loss of remittances. In Uzbekistan, our funding will support Uzbek fertilizer producers, including women farmers, to increase production and exports of this critical agricultural input to its neighbors.

Supporting Regional Cooperation

Our request increases the region's connectivity and economic diversification. Increased regional cohesion and robust cooperation with the United States, Europe, and other global partners is critical in reducing the region's reliance on Russia and the People's Republic of China.

For the past 11 years, USAID has hosted the Central Asia Trade Forum (CATF), one of the region's largest annual trade fora. Over the past decade, trade among the nations of Central Asia has more than doubled, reaching \$6 billion annually. Many factors contributed to this success, including strengthened regional trade cooperation.

USAID also plays a key role facilitating regional cooperation in climate resilience. Through the USAID-funded C5+1 National and Regional Adaptation Plan, we are convening stakeholders and climate experts from across the region to encourage them to share with each other their national adaptation plans as well as encourage new financing options from the public and private sectors, to benefit all people in the region.

Furthermore, USAID is helping create the region's first regional energy market. Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan have agreed to the framework which aims to ensure energy security; attract investment; incentivize countries to scale up renewable energy production; modernize the energy distribution system; and strengthen exports to South Asia.

Climate Change

We will also increase resources to support the Biden Administration's priority to address climate change, especially by promoting renewable energy. Central Asia holds enormous clean energy potential. From hydropower in the Kyrgyz Republic and Tajikistan, to wind and solar in Kazakhstan, Turkmenistan, and Uzbekistan, Central Asia has the opportunity to drive the future of renewable energy in Asia.

In Kazakhstan, USAID supported 41 renewable energy auctions from 2018 to 2021, which mobilized \$1.5 billion in investments and eliminated more than 27 million tons of carbon dioxide (equivalent to 2.8 million gallons of gasoline consumed). As a result of these auctions, from 2020 to 2021 alone, the amount of electricity generated from renewable energy increased by 36 percent. These auctions have improved transparency, increased investor confidence, and helped lower energy prices for Kazakhstan's people. Also in Kazakhstan, last year we planted 62,500 tree seedlings to launch a program to help mitigate the desertification of the Aral Sea region. We

plan to extend the project to the Uzbekistan side of the Aral Sea later this year.

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In Tajikistan, USAID helped install the first solar power plant in the country. The facility in the remote Murghab district now provides thousands of Tajiks, who previously were not connected to the national power grid, with clean, renewable energy.

Health

USAID continues to support Central Asia's efforts to combat COVID-19 and recover from the pandemic. To date, USAID has provided more than \$31 million to help Central Asia respond to COVID-19. In addition, we have donated nearly 11 million adult vaccine doses through COVAX, and we are now donating pediatric vaccines to Kazakhstan with more to come.

USAID's health programs help our Central Asian partners withstand future shocks by improving health systems. We place special emphasis on helping the region combat tuberculosis (TB) since Central Asia accounts for a substantial portion of the world's TB cases. In the Kyrgyz Republic, USAID has helped make dramatic improvements in TB testing and case management, such as helping modernize systems to drastically reduce the turn-around time for test results from 90 days to five days. In 2021, USAID supported the Government of Uzbekistan to reach a major milestone: two TB medicines were the first in Uzbekistan to be registered through the WHO collaborative registration procedure, reducing registration time from up to two years to just 30 days. This reform increases Uzbeks' access to quality, affordable medicines produced on the local market.

Democracy and Human Rights

Our democracy and human rights work is focused on expanding civic participation and strengthening democratic institutions. Our activities strengthen judicial systems and independent media, expand access to justice and human rights, counter trafficking in persons, and address corruption. Our work capitalizes on the region's political will for reform where possible and empowers citizens to continue to demand accountability and progress.

In Uzbekistan, USAID has helped strengthen the country's judicial system in numerous ways: introducing an electronic system that makes the courts more accessible, especially to people in remote and low-income areas; making recommendations for the newly-signed edition of the Law on Courts, which reaffirms open proceedings in all courts with closed court sessions only in specific circumstances; and helping spur a decision by the president to establish a judicial ethics committee. This is the first mechanism that allows all of the country's acting judges to seek guidance on ethical issues, preventing violations of ethics by judges or court personnel.

In a climate of increasing mis- and disinformation, and Kremlin-sponsored propaganda, USAID is making a concerted effort to support independent media. In 2021, the Kyrgyz Republic's

independent media faced sharp revenue shortages from the pandemic-related economic downturn as well as repeated threats to journalists. USAID responded by providing grants to 13 media outlets. With USAID support, these partners broadcast an average of 65 percent more local

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content, as alternative news sources to the Kremlin-sponsored TV and radio news. USAID also enabled journalists to obtain free legal consultations through a local civil society organization. In Tajikistan, USAID is equipping defense attorneys to more effectively represent journalists and civil society activists more effectively against frivolous defamation lawsuits.

Economic growth

Across Central Asia, USAID economic programs are helping partners modernize their trade laws and diversify their economic base including trade routes and partners. In the Kyrgyz Republic, USAID assisted the Ministry of Economy and Finance (MoEF) to make state procurement systems more transparent and efficient. The MoEF integrated USAID recommendations into the new Public Procurement Law, allowing citizens and civil society organizations to identify waste, fraud, and abuse in public procurement. In Uzbekistan, our assistance is helping to improve the government's budget accountability process and modernizing the country's tax system, in addition to improving Uzbekistan's business enabling environment and elevating their World Trade Organization candidacy. In November 2021, 16 months after gaining observer status, Turkmenistan became the last country in Central Asia to officially pursue WTO membership. USAID has been supporting Turkmenistan since 2013 in its path toward WTO accession.

We also help spur economic activity by increasing competitiveness and enabling businesses to enter new markets, create new jobs, and improve incomes for Central Asia's growing workforce. In Tajikistan, USAID has helped the Khatlon province increase its dairy production by 60 percent since 2019. During the first six months of 2021, Khatlon produced almost 70 tons of ice cream -- 55 percent more than last year. Since 2019, USAID has provided assistance and equipment to 53 dairy enterprises, including 44 micro enterprises. USAID helped launch the Kyrgyz Republic's first Amazon-like online grocery store, Namba Market. Customers can order more than 1,000 items online and get their order delivered in 15 minutes within a 1.5-kilometer range. The company plans to expand into Kazakhstan.

Education

USAID has helped our Central Asian partners make great strides in their education outcomes. In Tajikistan, USAID helped improve reading instruction and reading outcomes in grades 1-4 and increased the availability of resources in the Tajik language. To sustain learning progress during the pandemic, USAID pivoted programs so children can continue their education online and in their native languages. A baseline study in 2014 reported only 14 percent of grade 2 students had attained minimum reading proficiency standards. By 2019, this increased to 41 percent. Tajikistan reached a major milestone in 2021 when children's literacy improved by 80 percent in USAID-supported schools.

Conclusion

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Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan have made substantial development gains since independence. USAID is proud to have helped them on this journey. Yet, their development trajectory is being tested like never before due to Putin's aggression in Ukraine. We are committed to supporting the region as it faces a crippling food security crisis and increasing economic instability. We will continue to encourage pathways that reduce the region's economic reliance on Russia and the PRC. Thank you for your strong support for the people of Central Asia.