

Testimony of USAID Assistant Administrator for Europe and Eurasia Erin E. McKee
Senate Foreign Relations Committee
Countering Russian Aggression: Ukraine and Beyond
January 26, 2023

Chairman Menendez, Ranking Member Risch, distinguished members of the committee,

I appreciate the opportunity to testify about USAID's work to support the people of Ukraine and our wider efforts to counter Russia's aggression and malign influence throughout Europe and Eurasia. I also want to thank you for passing the four supplemental appropriations bills that allow the United States to present such a strong and united front in assisting Ukraine.

Today marks 335 days of the Kremlin's senseless, brutal assault on Ukraine. Close to 8 million Ukrainian citizens are now refugees, 5.9 million are internally displaced, some 430 children have been killed, and USAID partners have documented over 20,000 instances of alleged war crimes and human rights abuses. Putin's unjustified war continues to cause catastrophic loss of life and has undermined the security of Europe and the global economy.

However, Putin drastically underestimated the people of Ukraine. The Government of Ukraine still stands strong and capable. The people of Ukraine demonstrate daily their heroism and bravery. Communities emerging from occupation exemplify resilience, despite the horror they have endured.

At USAID, we are proud of our support to the people of Ukraine as they defend their country, their freedom, and their democracy.

USAID's Pivotal Role in Helping Ukraine Win the War for Its Survival

Foreign assistance is a critical tool to realize U.S. goals of helping Ukraine win its war for survival and achieve a lasting victory as a free, prosperous, and independent country able to realize its Euro-Atlantic aspirations, including through EU accession. To secure the future it has chosen, Ukraine must have a well-functioning state; a vibrant, inclusive economy; a free press; and strong institutions free of corruption to secure this future when the war ends. The supplemental resources generously appropriated by Congress allow USAID to anchor U.S. government efforts to address the urgent humanitarian, economic, energy, and other needs created by the war, while also remaining focused on what will be required for recovery and reconstruction.

Budget Support Helps Alleviate the Acute Fiscal Crisis Caused by Russia's War

The United States' commitment to provide reliable and sustained direct economic support to the Ukrainian government is critical to ensuring Ukraine can continue to function as an independent democratic country, that its government can provide critical basic services to its people, and to ensure it is able to stay on a democratic trajectory toward full integration with Europe, which Putin's unprovoked war aims to derail. The \$13 billion in direct budget support the U.S. government has provided thus far to the Government of Ukraine, thanks to generous Congressional appropriations, has kept essential government services such as healthcare, education, and basic utilities running. This support has made it possible for the people of Ukraine

to sustain their resolve even as Putin weaponizes winter with unrelenting attacks on the country's energy grid.

USAID delivers direct budget support through a World Bank mechanism, which provides the most effective way to expediently deliver urgently-needed funds with a high degree of accountability. Funds are released to the government of Ukraine on a reimbursement basis. This mechanism provides a multi-tiered system for accountability – including monitoring, reporting, and audit requirements – with Bank fees waived since after the first tranche of budget support.

USAID appreciates the fundamental responsibility of being entrusted with these U.S. taxpayer funds. Ensuring oversight of and accountability for U.S. taxpayer dollars used to meet the critical needs of Ukrainian citizens is a USAID priority. The Ukrainian Government stands as our partner in this accountability and knows we will be exercising extraordinary measures to track these funds.

As such, USAID has deployed an independent third-party monitor to review financial controls and procedures utilized by the Government of Ukraine to track and oversee U.S. funds being used for direct budget support. From day one of our assistance and continuing through the disbursement of the last dollar, USAID will remain laser-focused on making sure U.S. funds are reaching those they are intended to reach. We also plan to expand and strengthen our toolkit of oversight mechanisms, made possible with the most recent generous appropriation of Ukraine funding.

USAID's Support to Energy Infrastructure Keeping Ukraine Warm This Winter

Last month, the United Nations reported that Russia had destroyed 50 percent of Ukraine's energy infrastructure, putting millions of Ukrainian civilians at risk this winter. Strengthening Ukraine's ability to maintain its systems despite Russia's attacks remains one of our top priorities.

USAID has already delivered 1,700 generators to 22 oblasts across Ukraine, with many more on the way. These generators ensure electricity and heating for schools, hospitals, accommodation centers for internally-displaced persons, district heating companies, and water systems if and when power is knocked out by Russia's air strikes. For example, in the city of Chernihiv, USAID provided 31 diesel generators to the city's public schools, enough to ensure that 13,000 schoolchildren have electricity and heating despite Russia's ongoing attacks.

USAID has announced investments totaling more than \$220 million in Ukraine's heating, energy, and utility infrastructure to help the Ukrainian people get through winter and beyond. For example, this assistance supports repairs and maintenance of pipes and other equipment necessary to deliver heating to homes, hospitals, schools, and businesses across Ukraine. This includes delivering 60 excavators to repair infrastructure in 48 cities, and providing more than 16 kilometers of heating pipes, with roughly 70 more kilometers of pipes planned for delivery. This builds on over two decades of support to Ukraine to strengthen the country's energy security.

USAID Provides \$1.4B in Humanitarian Assistance To Ukraine Which is Now the World's Largest Displacement Crisis

With nearly 14 million internally displaced persons and refugees, Ukraine has now surpassed Syria as the world's largest displacement crisis. The United States remains the largest donor to the humanitarian response for Ukraine. Since the start of Putin's full-scale invasion of Ukraine in February 2022, the U.S. government has provided more than \$1.9 billion in humanitarian assistance to support people in Ukraine and those fleeing to neighboring countries, including more than \$1.4 billion in USAID humanitarian assistance.

USAID leads the U.S. humanitarian response for Ukraine through our Disaster Assistance Response Team (DART). The DART has been working since day one to provide food and market-based assistance, safe drinking water and hygiene support, health care, support to women, children, and others affected by sexual violence or other trauma, and other vital relief.

For example, USAID is supporting the World Food Programme (WFP) and three international non-governmental organizations (INGOs) to scale up food assistance in Ukraine. During December 2022, WFP reached nearly 2.2 million people in Ukraine with in-kind food distributions, including children who received supplementary feeding.

USAID will continue to coordinate with humanitarian partners in the country and region to provide Ukrainian civilians with life-saving humanitarian assistance while ramping up critical development assistance to respond to cyber-attacks and threats to the energy sector, countering disinformation, supporting small businesses and the agriculture sector, documenting abuses and atrocities, human rights violations, meeting essential health needs, and bolstering the continued functioning of local, regional, and national government entities.

USAID Response as the War Worsens Global Food Insecurity and Malnutrition

Beyond the region, Russia's full-scale invasion of Ukraine is harming the global economy and worsening global food insecurity and malnutrition due to disruptions to food, fuel, and fertilizer supplies and subsequent price volatility. Current estimates point to drops in real income of around one percent of GDP across developing countries.

To bolster Ukrainian agriculture exports and help alleviate the global food security crisis, USAID established the Agriculture Resilience Initiative (AGRI). AGRI-Ukraine supports access to inputs, finance, storage and drying services for farmers and agribusinesses, and is addressing rail export logistics bottlenecks. In coordination with the EU, UN, Ukrainian government, and the private sector, AGRI-Ukraine targets Ukraine's immediate agricultural production and export challenges, while supporting the wider needs of Ukraine's agriculture sector to ensure Ukraine's continued production and export of agricultural commodities. USAID has also provided over 13,600 Ukrainian farmers in Ukraine with seeds, fertilizers, crop protection, storage services, and other support, reaching approximately 29 percent of the country's registered agriculture enterprises, to help them deliver the 2022 harvest and plant for 2023 despite the devastation caused by Russia's full-scale invasion. USAID also has helped farmers access nearly \$42 million in loans and state grants through USAID-supported digital finance apps. These are just some examples of how USAID has scaled up its assistance in response to rising global food insecurity.

The impact of the war is also worsening the effects of the historic drought in the Horn of Africa, where at least 23 million people are in need of emergency food assistance. Many of these countries previously relied on imports of Ukrainian grain and fertilizer to meet food needs and

support domestic agricultural production. For example, before the war, Somalia imported a majority of its wheat supply from Ukraine. Additionally, high commodity and fuel prices due to disruptions in global markets are decreasing the purchasing power of vulnerable households and increasing the cost of providing humanitarian assistance. Since February 2022, the U.S. government has invested \$7.66 billion to address the growing global food security crisis, including \$4.9 billion in humanitarian assistance. As part of that \$4.9 billion investment, Administrator Samantha Power announced nearly \$1.2 billion in additional funding to Ethiopia, Kenya, and Somalia in July 2022, covering a majority of the \$1.8 billion urgent funding requirements identified by the UN to support critical drought response activities between May to December 2022. To support these investments, we are using all of our tools creatively to communicate about U.S. food security assistance, including reaching 12.9 million unique users in Kenya, with 7.9 million engagements across Facebook, Instagram, Twitter, and YouTube.

Under the Black Sea Grain Initiative, USAID is partnering with the WFP to help Ukraine export its wheat and continue to feed some of the more than 200 million people globally experiencing acute food security – meaning their lives and livelihoods are at serious risk. The United States has provided more than \$68 million to WFP as part of this initiative. This supports WFP's ability to charter vessels for the export of grain when commercial options are limited. To share one example, in early November 2022, the *Ikaria Angel*, a USAID-supported ship, departed Ukraine en route to Ethiopia carrying 20,000 metric tons of WFP grain, enough to feed 3 million people for three months. To date, WFP chartered vessels transported over 426,000 metric tons of wheat through various Black Sea ports supporting Ethiopia, Afghanistan, Yemen, and Somalia.

Long Term Development Investments Remain Important

In addition to strengthening Ukraine's energy security during wartime, USAID assistance helps farmers in Ukraine to continue growing food for domestic and global markets, supports Ukrainian efforts to document and seek accountability for war crimes and other atrocities and human rights abuses, fills critical gaps in Ukraine's health system, and helps local government bodies in 91 communities respond to challenges caused by Putin's brutal invasion.

A robust civil society and independent media sector is essential as Ukrainian society resists Russia's aggression and strives to strengthen its political and rule of law institutions and advance its Euro-Atlantic integration. USAID's programs promote greater citizen participation by enhancing civic education, supporting civic initiatives, and building the organizational capacity of civil society organizations. These efforts advance Ukraine's democratic development and cultivate grassroots approaches to addressing development challenges. USAID assistance strengthens the public service broadcaster, promotes accountability in the media sector, and helps media outlets create high-quality, fact-based content that educates audiences and contributes to public debate on critical issues. USAID also counters Kremlin disinformation narratives through fostering collaboration among government, commercial media, the creative sector, and civil society, helping these Ukrainian actors create and disseminate high-quality, fact-based content targeted to the audiences most vulnerable to disinformation.

Recently, USAID provided legal, financial, and technical assistance to develop *Diia* for Ukrainian citizens. *Diia* is a mobile application and online portal that provides digital access to 120 government services and enables Ukrainian citizens to engage with their government online

in a one-stop-shop – from applying for benefits and government programs to paying taxes, accessing important documents, registering and running businesses, and providing identification and digital signatures. Following Russia’s full-scale invasion of Ukraine in February 2022, Diia has also enabled Ukrainian citizens to electronically receive government services and social support in areas impacted by war, and has been used by displaced Ukrainian citizens to access aid and other critical services.

In the context of Russia’s unprovoked invasion in February 2022, USAID has continued to partner with the Government of Ukraine to improve essential health services and build the resilience of health systems and institutions to continue serving the Ukrainian people. USAID health activities have continued to operate inside Ukraine, pivoting assistance to ease strains on Ukraine’s health system and address the direct human costs of the war, interruptions to services, and the health needs of the large number of displaced persons inside the country. During the war, USAID’s network of implementing partners has continued working on the ground to meet immediate needs and support long-term strengthening of Ukraine’s health system.

Regional Perspective

With its unprovoked invasion of Ukraine, the Kremlin has created new threats, economic turbulence, and uncertainty for countries across the region. As Russia has become more destructive in its energy policy, countries like Moldova are facing much higher prices and, consequently, are accelerating their transition to other energy sources with USAID assistance. These countries have had to re-orient trade, and find new and innovative ways to bolster their economies, even as some have seen substantial influxes of people fleeing Ukraine and Putin’s Russia.

In the earliest days of this crisis, the Lukashenka regime in Belarus allowed Russia’s forces to launch attacks from Belarusian territory. We however continue to support Belarusian independent journalists, media outlets, and bloggers as they provide fact-based content for citizens beyond state-sponsored or Russian propaganda and disinformation. We are also working to raise the civic literacy of Belarusian citizens so that they may remain resilient to malign influence.

At the same time, the Kremlin continues to employ its playbook of malign influence through disinformation, economic and energy coercion, and undermining neighboring democracies. USAID continues to address this as well. For instance, USAID is working in Georgia to debunk the Kremlin’s false narrative that the United States is attempting to drag Georgia into Russia’s war against Ukraine, with a very successful recent campaign that reached more than 400,000 viewers via one Facebook video alone. Malign influence from the Kremlin is only likely to increase in the near future, and USAID remains focused on ensuring our programming builds the long-term resilience of our partners and is able to respond to the Kremlin’s hostile attempts to control others through disinformation and digital authoritarianism.

Through the Countering Russia Influence Fund (CRIF), and in alignment with the broader *Countering America’s Adversaries through Sanctions Act* (CAATSA), USAID is working to bolster partner resilience across key sectors, including to: (1) Counter the Kremlin’s efforts to undermine democratic institutions and the rule of law; (2) Resist the manipulation of

information; 3) Reduce energy vulnerabilities; and (4) Reduce economic vulnerabilities, as well as counter the Kremlin's use of corruption across all sectors.

Russia's war against Ukraine has also brought serious disruptions to the economies of Central Asia, exacerbated food insecurities, and strained if not broken the region's long-standing bonds with Moscow. Central Asian governments are seeking alternatives to their former reliance on Moscow, and USAID is working to enhance regional cooperation, as well as promote new trade and energy corridors across the Caspian, through the Caucasus and on to Europe.

Conclusion

USAID remains committed to supporting the people of Ukraine as they continue the fight to defend their country and their democracy. To date, most of the humanitarian, economic, and budgetary support that Congress previously provided for Ukraine in the supplemental packages has been disbursed or committed. We continue to call on Allies and partners to expeditiously meet their commitments to the people of Ukraine.

USAID will continue to stand with the people of Ukraine and we are grateful for the support from Congress. Thank you for the opportunity to testify today. I look forward to answering your questions.