

AMERICA'S INTERESTS IN THE MIDDLE EAST AND
NORTH AFRICA: THE PRESIDENT'S
FY 2018 BUDGET REQUEST

HEARING
BEFORE THE
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THE MIDDLE EAST AND NORTH AFRICA
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AMERICA'S INTERESTS IN THE MIDDLE EAST AND NORTH AFRICA: THE PRESIDENT'S FY 2018 BUDGET REQUEST

THURSDAY, JULY 13, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST AND NORTH AFRICA,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 1:00 p.m., in room 2167 Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the subcommittee) presiding.

Ms. ROS-LEHTINEN. The subcommittee will come to order.

After recognizing myself and Ranking Member Deutch for 5 minutes each for our opening statements, I will then recognize other members seeking recognition for 1 minute. We will then hear from our witnesses. Without objection, your prepared statements will be made a part of the record, and members may have 5 days to insert statements and questions for the record, subject to the length limitation in the rules.

The Chair now recognizes herself for 5 minutes.

Today we are here to discuss the President's budget request for the upcoming Fiscal Year 2018 for the Middle East and North Africa region. While I have always been an advocate of being efficient and effective in the use of taxpayer debt, American taxpayer dollars to fund our foreign assistance programs, I believe we have many good programs that should not be cut just for the sake of scaling back.

To be sure, there has been plenty of waste, fraud, and abuse that needs to be addressed, but those should be addressed specifically, not simply by an across-the-board cut. But let us start with some of the positives.

The current request represents \$3.1 billion in foreign military financing, FMF assistance for our closest friend and ally, the Democratic Jewish State of Israel. This level is consistent with previous obligations and represents a final year of the previous 10-year Memorandum of Understanding, MOU, between the U.S. and Israel. We need to honor our obligations and guarantee that Israel is able to maintain its qualitative military edge, QME, over its neighbors.

I am also pleased to see that the budget request honors the commitments we made to our ally, the Hashemite Kingdom of Jordan, under the current MOU between our two countries. Jordan re-

mains a vital partner in the fight against ISIS, and its stability and security are top priorities for the region, for our ally Israel, and for the United States. This will be the final year of the current MOU. And I have offered a bill alongside Ted Deutch, Nita Lowey, and Hal Rogers that would authorize a new and expanded MOU for Jordan to ensure that the king can keep his country safe, continue fighting ISIS alongside us, and expand his economy.

I strongly suggest for State to adequately address Jordan's economic and security needs as it examines the new MOU, which hopefully will be for 5 years, in order to reaffirm our long-term commitment to the Hashemite Kingdom.

I am also happy to see that the request for Israel's (sic) economic assistance has been reduced, not because I think Egypt doesn't need any economic assistance—of course it does—but because we still have a considerable pipeline of unobligated money in the hundreds of millions of dollars from previous years that we have yet to spend. I see no reason to continue to ask taxpayers to add to that pipeline until we can clear out that backlog. And if that money cannot go out the door in Egypt for whatever reason, then perhaps U.S. interests would be best served if it was reprogrammed elsewhere.

And by elsewhere I suggest Tunisia, which brings us to the bad in this budget request. First, I'm extremely disappointed to see a request for continued assistance for the Palestinian Authority. I know we will hear how none of this money goes directly to the Palestinian Authority or that a lot of this money actually goes to Israel to pay off the PA debt, and that we are going—that we are doing important humanitarian assistance in the West Bank and Gaza. But we all know that money is fungible. For every dollar of PA debt to Israel that we pay, that frees more funds for Abu Mazen to pay the salaries of terrorists.

And it means that even though we continue to find that the P.A. and the PLO have not lived up to their obligations, they continue to incite violence, and they continue to support terror, and they continue to work against the interests of the Palestinian people. Rather than holding them accountable, we are rewarding them with continued U.S. assistance.

Another disappointment in the budget request is for Tunisia. Tunisia has been one of the very few positive developments in the region over the past few years. It's not without problems, of course, but any country going through a transition like Tunisia in an earnest effort to become a democratic society is going to have some hurdles to overcome. Now is not the time to cut and run, now is the time to double down on Tunisia that is at the forefront of fighting terrorism, as it has to deal with the problem of foreign fighters coming from Tunisia.

This year's request seriously undermines Tunisia's economic progress, and it completely cuts out all FMF assistance to a country whose security and stability are vital as it struggles to stay on a path toward democratic governance. Tunisia is not the only country that lost its FMF assistance under this request, which calls into question the dramatic shifts the administration has taken in the FMF program itself.

I hope we hear more about this global FMF fund, which I believe is something like \$200 million for everyone, and how the administration plans on distributing that and its plans for moving to loans rather than grants. I worry this may be a move by the administration to remove the State Department and, therefore, our Foreign Affairs Committee out of the foreign military sales realm by cutting FMF, yet making these countries eligible to receive Defense Department-funded security assistance.

And though this is not a part of the budget request, this also calls into question the State Department's role in the Saudi counterterror center. And with Secretary Tillerson in the region at the moment, and with the announcement out of this Riyadh Summit, it raises questions regarding the agreements we just signed with Qatar, and how we will fund our commitments. There are also many questions that this budget request conjures up. And I have great concern with many aspects of it and how this budget will promote America's interests and help raise stability and security to the region.

And with that, I am pleased to yield to the ranking member, my friend Mr. Deutch.

Mr. DEUTCH. Thank you, Madam Chairman. Thanks to Ambassador Jones and Ms. Longi for being here today to discuss the administration's proposed FY 2018 budget.

Ambassador Jones, I especially want to thank you for your distinguished career serving this country in some of the most challenging environments. And while we wish you well in your retirement, which I understand is coming in just a few short weeks, this country is losing a great diplomat and we are grateful for all that you have provided to us.

Let me say that we appreciate the relationship that we have had with your respective bureaus. We hope we will continue to work together to address the very real challenges facing the Middle East and North Africa. And I want to commend the remarkable Foreign Service and career personnel serving at both State and USAID. We are fortunate to have tremendously talented people who are willing to dedicate their lives to public service, often in dangerous conditions. And we are grateful for that service.

That said, I am deeply concerned that senior level positions at both State and USAID have yet to be filled. I am concerned that while both of you are extraordinarily capable of doing your job, you are still filling an acting role 7 months into this administration. And I continue to read articles that refer to no one being home at the State Department. That is not a good message for our friends. It is not a good message for our allies. And it is a terrible message to send to our adversaries around the world.

Diplomacy and development should be driving our foreign policy decisions, not taking a back seat to whatever decision the President cedes to the Defense Department. State and DoD should be working hand-in-hand to craft consistent policy messages that are amplified coherently across the entire government. And I just don't see how this budget request in any way prioritizes either diplomacy or development.

When the Pentagon receives a \$54 billion increase and the State Department receives a 32 percent decrease, I have a hard time

hearing the argument that this is about efficiency and saving money for the taxpayers. The budget for the Middle East and North Africa is by far the largest of the regional funds. And the Trump administration is proposing an 11 percent cut in bilateral aid to the Middle East and North Africa over the FY 2016 enacted levels. Most of these cuts are coming from our foreign military financing.

The proposed restructuring of our FMF into one \$200 million global fund that might be in the form of grants or might be in the form of loans is one of the most perplexing things about this budget proposal. I can't quite understand why we would pull this critical security assistance from countries desperately in need of it, like Tunisia and Lebanon. I don't understand what kind of message it sends when we tell a country that is our partner in the fight against terrorism that instead of a dedicated funding stream we are going to somehow figure out who will get or how much they get from this new global pot of money.

I am also concerned that converting grants to loans will prevent poor countries from getting the assistance they need to protect their and our interests. So I would like to better understand how you envision the decisions related to the global FMF fund that you made, how the priorities will be decided, who gets what, and what are we telling our allies who have been the recipients of these grants.

I understand that budget numbers can be deceiving when it comes to pipelines and funding streams and allocations of prior year funds, but this proposal in no way seems to reflect the serious challenges that the region faces. Egypt, which has hundreds of millions of dollars sitting in the pipeline because we have a fundamental difference with the Egyptians on how economic support funds should be used, is still receiving \$75 million in economic support funds.

Where is the money going to be used, particularly after the government's decision to sign the restrictive new NGO law?

How do these budget cuts reflect the need to bring stability or relief to Libya, and Syria, and Iraq, and Yemen while continuing to push for a political solution to those conflicts. We should be pursuing robust programs that strengthen these countries and their people so they can resist extremist elements.

How will the budget help to shore up Jordan, one of our most reliable partners in the fight against ISIS, whose economy is in terrible shape? The chairman and I continue to work to advance our legislation that would secure a new 5-year MOU for Jordan, as well as set up an enterprise fund. And I would like to hear today about progress on both of these fronts.

I will say I am pleased to see the FMF for Israel and assistance to the Palestinians remain relatively steady. The support will be vital as the administration works for a lasting peace that hopefully results in two states for two peoples.

Finally, I am deeply concerned about the idea of folding USAID into the State Department, particularly when we hear that 40 percent of missions across the world would be closed. I am quite certain that Congress recognizes the value that our humanitarian, global health, and food security programs provide to our own na-

tional security. And I understand that sometimes cuts are necessary, and we all want the government to run more efficiently, but simply cutting the four evaluations of the efficiency and effectiveness of the department are completed seems, frankly, irresponsible, especially when our national security is at stake.

I hope today we will be able to address some of these concerns. Appreciate your being here. And I yield back.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Deutch.

Now the members can make their opening statements. Mr. Chabot is recognized.

Mr. CHABOT. Thank you, Madam Chair, for holding this very important hearing.

There is no shortage of crises to discuss here today. In recent years we have witnessed chaos ensue throughout the Middle East and much of North Africa from seemingly endless civil war in Syria, to the scourge of ISIS, to a very flawed deal with Iran, and on and on. And, unfortunately, the new administration adopted a real mess.

The region has become even more complicated due to massive immigration of refugees, and Russia's increasing engagement there. And it just really does go on and on.

Although we may be seeing some successes, such as the Iraq army finally reconquering Mosul; and our military taking a number of actions to target Syrian- and Iranian-backed forces, most notably the strike in response to Assad's use of chemical weapons; and the shooting down of a Syrian fighter plane last month, it appears Russia and Iranian forces will continue to cause trouble in the region into the foreseeable future. So that's something that has to be dealt with before the hearing in the administration today.

Thank you for holding this hearing.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chabot.

Mr. Cicilline.

Mr. CICILLINE. Thank you, Chairman Ros-Lehtinen and Ranking Member Deutch for calling this hearing. And thank you to our witnesses for being here to discuss the important topic of U.S. priorities in the Middle East and North Africa for Fiscal Year 2018.

The proposed cuts that President Trump has submitted to Congress are dangerous, short-sighted, and undermine the important role the United States plays in supporting peace and security in the region. It is critical that the United States has the funds necessary to support the current complicated, unstable conditions in the region, something the President's proposal clearly does not take into consideration.

At a time when threats from ISIS are unrelenting, Syria continues to face an unimaginable humanitarian and refugee crisis, and the threat from Iran is ever looming, U.S. foreign assistance is more important than ever. The Fiscal Year 2018 request fundamentally overlooks the threats to security and human life that affect countries throughout the Middle East and North Africa and America's leadership role in the world. And many of my colleagues on both sides of the aisle have expressed their concerns over the proposed cuts, both to diplomatic and development funding.

I look forward to the testimony of the witnesses today. And I thank you, Madam Chairman, and I yield back.

Ms. ROS-LEHTINEN. Thank you, Ms. Cicilline.

Mr. Cook of California.

Mr. COOK. Thank you very much, Madam Chair.

After reading this and looking at the President's budget I am very nervous. I am on the House Armed Services Committee. Obviously we are interested in the plus-up on some of the military spending. But if we ignore our allies, our friends, anything else particularly in this region, with these cuts I think General Mattis said it, basically you are going to be paying for more ammunition.

And so what you have to save today is extremely important. And I think I have been very fortunate to be on both committees because you have to work together on that. You can't solve it with just bullets, and bombs, and everything else. That if we don't have the money there to help these countries it is going to be in those terms that I have described.

So thank you very much for being here. I look forward to the hearing.

Ms. ROS-LEHTINEN. Thank you, Mr. Cook.

Mr. Kinzinger.

Mr. KINZINGER. Thank you, Madam Chair, and thank you all for being here.

In case I don't get to ask questions I just wanted to make a brief statement, which is I think not only executing the war on terror is important, and using the funding to do that, but I think we are forgetting about what I call the next generational war on terror, which is the 7- and 8-year-olds of today that are IDPs or that are in refugee camps that have denied opportunities to get an education, or for hope, or economic opportunity.

And with the evil dictator Assad in power and denying this opportunity, I actually believe that Assad is the reason ISIS exists, and he is the continued incubator for ISIS. So there can be no defeat of radical terrorism in Syria with the existence of this dictator continuing to foster the conditions for this recruitment.

But when we look at things like USAID, the importance of the State Department, and soft power exercise, I think we would be very remiss in a few years looking back to have ignored those tools in favor of just the military option because we would be finding ourselves fighting another generational war on terror.

And so with that, I will yield back.

Ms. ROS-LEHTINEN. Good point. Thank you, Mr. Kinzinger.

Mr. Schneider of Illinois.

Mr. SCHNEIDER. Thank you, Madam Chairman.

I want to thank my colleague from Illinois for his topical comments because this is important. We are at a point in history where we have to be looking forward and dealing not just with the immediate threats such as ISIS but the sources of those threats. And it is visualizing these threats that go into the next step to stabilizing these regions, creating a future where there is hope.

Right now we are spending a lot of effort in dealing with people and helping people in crisis. We need to be, I believe, able to get to a point where we can go from helping people in crisis, helping people with good governance, with economic development, with education. And I am very concerned, as has already been said, that we are cutting our budget at a time when the needs are growing.

They are growing more diverse, they are growing more complex. And as others have said, if we cut our budget on diplomacy, if we cut our budget on development, it is going to impact what we have to do on defense.

So, as you address these questions I look forward to hearing your answers. And I will also echo the concern that here we are 6 months into the year and you are still with the titles of acting.

So, thank you. And I yield back.

Ms. ROS-LEHTINEN. Thank you, Mr. Schneider.

Ms. Frankel of Florida.

Ms. FRANKEL. Thank you. And thank you both of you for your service. And I apologize you have to hear our frustration.

So, the world is a dangerous place. And I, I heard that our President said he is inheriting a mess. Well, guess what, his budget is making a mess. That is my opinion. And his own defense secretary said something to the effect that we can't gain peace and security just with bombs and bullets.

And I don't know how we are going to even explain to our military personnel or their families that have sent them to places, I will use Iraq as an example, where we spend billions of dollars to so-called "win a war" when we know a country has to become stable eventually with development and diplomacy. And this budget fails in that respect.

So, I hope you will be able to explain these cuts. And, again, thank you for your service. And I yield back.

Ms. ROS-LEHTINEN. Thank you. And thank you to all the members. And thank you especially to our witnesses because we will have a series of votes coming up shortly. And in the interests of time they have agreed to not give their opening statements. I will introduce them and then we will go right to questions. And I will start with Mr. Chabot.

So, first, we are delighted to welcome back the Acting Assistant Secretary of State for Near East Affairs Bureau, Ambassador Stuart Jones. Ambassador Jones previously served as the United States Ambassador to Iraq and Jordan. I have had the honor of visiting him in both countries. He is a good friend.

Prior to this he served in a variety of positions in places like Turkey, El Salvador, Colombia, and in our mission at the U.N. It is good to see you again, Mr. Ambassador. And congratulations on your upcoming retirement. Thank you for your 30 years of service. And I hope that you and Barbara enjoy retirement. Thank you for joining us today. We will look forward to hearing your testimony—well, we will look forward to reading your testimony and asking you questions.

And we are delighted to welcome back another good friend, Maria Longi. Ms. Longi is USAID's Acting Assistant Administrator of the Bureau for the Middle East. Previously she served as the Deputy Assistant Administrator for USAID's Middle East Bureau. And prior to joining USAID, Ms. Longi served as the Director for Management, Policy, and Resources in the State Department Bureau of International Organization Affairs.

So, welcome back. We look forward to you answering our questions.

[The prepared statements of Ambassador Jones and Ms. Longi follow:]

Statement for the Record
Ambassador Stuart Jones
Acting Assistant Secretary of State for Near Eastern Affairs

House Foreign Affairs Committee
Subcommittee on the Middle East and North Africa
July 13, 2017

Chairman Ros-Lehtinen, Ranking Member Deutch, Members of the Subcommittee, thank you for inviting us to appear before you today to discuss the President's Fiscal Year 2018 budget request. I welcome the opportunity to testify with my colleague, Maria Longi, Acting Assistant Administrator for the U.S. Agency for International Development's Bureau for the Middle East.

This hearing is taking place at a time when the Middle East and North Africa region continues to be plagued by instability, conflict, lack of civilian and democratic institutions, and economic stagnation. As Members of this Subcommittee are all too aware, the conflict in Syria continues in its seventh year, with more than 400,000 casualties and nearly 12 million people displaced, roughly half of whom have been forced to flee into neighboring countries and beyond. Even with the recent victory in Mosul, Iraq continues to be at the forefront of fighting a war against the Islamic State of Iraq and Syria (ISIS) and Yemen is facing widespread instability and a deepening humanitarian crisis. Iran's de-stabilizing influence in the region continues to grow, threatening security and stability of the region, in particular, against our allies in the Gulf. Given these challenges in the region and to U.S. national security, our foreign assistance funding in the President's FY 2018 budget request reflects the Administration's sharp focus on defeating ISIS, deepening strategic partnerships in the region to advance their efforts to counter terrorist threats and other destabilizing influences in the region, targeting support for Israeli-Palestinian peace efforts, and providing economic growth and opportunity to citizens in the region in order to promote longer term stability.

As Secretary Tillerson stated during his recent testimony, "the 21st century has already presented many evolving challenges to U.S. national security and economic prosperity. We must develop proactive responses to protect and advance the interests of the American people." The result of these conflicts across the region has a direct impact on U.S. national security and our economic prosperity. It also provides an

opportunity for the United States to support those elements across the region that share the American vision for stability and security, while protecting U.S. long-term national security interests and maximizing our limited resources. Each issue presents its own unique set of trials and requires a different set of tools.

We are grateful for your continued support for the State Department and USAID, which will be necessary for us to meet these challenges. To this end, the President's FY 2018 budget request includes \$6.6 billion in foreign assistance for the Bureau of Near Eastern Affairs across economic and security assistance accounts. This budget request concentrates resources to support efforts that advance U.S. leadership in the region, to protect the American homeland and maintain accountability to the U.S. taxpayer. The importance of U.S. efforts in the Middle East and North Africa is reflected in the fact that the Budget maintains robust assistance levels in the region even while reducing top-lines significantly.

As President Trump has highlighted on numerous occasions, our priority in the region is to defeat ISIS. This FY 2018 budget provides a sustained and continued commitment from the United States to support partners that share our common interests and vision to ensure the lasting defeat of ISIS and other terrorists. With Congress' continued support, including through funding provided in the FY 2017 Security Assistance Appropriations Act, the FY 2018 budget request includes the foreign assistance resources needed to support the Administration's strategy to defeat ISIS through FY 2018: \$539.4 million supports efforts to defeat the ISIS core in Iraq and Syria; \$66.0 million to counter ISIS branches in Yemen and Libya; and nearly \$1.2 billion to support stability and security in Jordan, Tunisia, and Lebanon, that have been so dramatically impacted by the conflicts. This funding ensures that, as the U.S.-led Coalition effort to defeat ISIS intensifies in the region, the United States has the resources necessary to support key partners through civilian-led efforts to stabilize and secure areas liberated from ISIS and other violent extremist control.

In Iraq, ISIS is on the brink of defeat as a result of the Government of Iraq and U.S.-led Coalition efforts. The FY 2018 request of \$347.9 million will enable timely and critical support that consolidates these military gains across Iraq and ensures the enduring defeat of ISIS. For example, the hard-fought Iraqi victory in Mosul left large parts of the city in ruins; stabilizing the city to allow residents to return to their lives will require significant financial resources. The United States will continue its partnership with the Iraqi government including through foreign assistance that complements the Coalition's military campaign with stabilization and recovery efforts. Enabling long-term stability requires sustained support from

the United States. To this end, our assistance bolsters the Iraqi government's efforts to advance economic reform, expand governance, and promote broad reconciliation. For example, U.S. funding has provided the Iraqi government with essential fiscal space through a sovereign loan guarantee to help avert economic instability as it expends its stretched resources to defeat ISIS. The American people have provided a life-line to the most vulnerable, including women, children, and members of religious minorities who have been forced to flee the conflict zones and the brutality of ISIS. The United States is also working to facilitate the safe and voluntary return of students and communities to their lives in Ninewa through efforts to support the removal of explosive remnants of war (ERW), including at sites such as Mosul University.

In Syria, U.S. assistance totaling \$191.5 million will continue to promote stability and support programs that counter the influence of violent extremists, including in areas liberated from ISIS. Assistance continues to support local councils and civil society groups in Syria risking their lives to stabilize areas and to provide essential services, such as access to clean water, to Syrians returning to rebuild their homes in areas liberated from ISIS control. Specifically, in Raqqa, the United States is planning for removal of ERWs and quick-impact projects to restore essential services to help cement the military gains made against ISIS and enable people to return home once they are ready to do so, complementing the continued provision of humanitarian assistance. The Administration is also requesting \$103.8 million to expand our investment in Lebanon's stability as it grapples with multiple challenges, including the threat of ISIS on its border and over a million refugees fleeing from the regional conflicts.

In Libya, U.S. funding helps Libyans in their efforts to build a unified government capable of defeating ISIS and other terrorist groups, restore the stability of Libya's economy, and address humanitarian needs. The Libyan people face a decisive moment in their country's political transition, six years after the uprising that toppled the repressive Qadhafi regime. The Libyan Government of National Accord (GNA) and its aligned forces, with support from U.S. airstrikes, expelled ISIS from Sirte, its largest stronghold outside of Iraq and Syria. Unfortunately, Libya's internal political divisions and tensions on the ground threaten to undo this progress. U.S. assistance is critical to denying ISIS safe haven, preventing the return of terrorists to areas cleared of ISIS and other terrorist threats, and creating conditions for displaced people to return to their homes. Of the half million people displaced internally beginning in mid-2014, the International Organization for Migration has already registered 250,000 returnees as of June 2017, marking the first time that returns exceed internally displaced persons. The FY 2018 request of

\$31 million will enable the United States to help Libyans prevent ISIS from reasserting itself in Libya and promote the broader stability necessary for long-term counterterrorism success.

In Yemen, we are facing a humanitarian crisis due to conflict, exacerbated by terrorist threats and malign Iranian influences in the region. Yemen is grappling with a prolonged period of instability and uncertainty and the country is at risk of famine in addition to facing the world's largest cholera outbreak. The ongoing conflict has hastened economic deterioration, stretched provision of basic services, and enabled the expansion of terrorist groups. Nearly 21 million Yemenis, 75 percent of the population, require humanitarian assistance and at least 2 million people are displaced as a result of the conflict between the Saudi-led coalition and the Yemeni government, on one side, against the Iranian-backed Houthi forces, on the other side. Funding in the FY 2018 request will advance the United States' ability to support international efforts to bolster early stabilization activities, the resumption of economic and commercial activities, and the provision of basic services. The United States and our partners will continue to press for a comprehensive political settlement to end the conflict.

The FY 2018 budget request continues our commitment to provide extraordinary support for Jordan. By again providing \$1.0 billion in foreign assistance, even amidst significant topline reductions, the United States will continue its strong and enduring partnership with the Government of Jordan to achieve critical U.S. national security priorities, including contributing as a key Coalition member to defeat ISIS and promoting efforts to forge a lasting peace between Israelis and Palestinians. The FY 2018 budget request will enable the United States to support stability and provide robust economic support, provide essential services to the Jordanian people, and strengthen Jordan's as they maintain security and engage in the campaign to defeat ISIS.

In Egypt, our foreign assistance request includes \$1.3 billion in Foreign Military Financing (FMF), supporting the Egyptian Armed Forces' efforts to promote stability in the Sinai, secure its borders, and counter terrorism, including the threat of ISIS. This partnership, and Egypt's efforts to defeat terrorism, strengthen American national security. The United States will also continue funding priorities that advance the prosperity and security of the Egyptian people, for example partnering with Egypt to further develop its health system and private sector.

With FY 2018 funding, the United States will also continue to support efforts that advance Israeli-Palestinian peace. This budget maintains our unwavering

commitment to Israel's security and prosperity with \$3.1 billion in FMF, consistent with the current Memorandum of Understanding. The FY 2018 request also seeks \$251.0 million in development and security assistance funding for programs in the West Bank and Gaza. These programs are critical to supporting the Palestinian people in realizing their economic and social potential thereby creating the conditions necessary to restart negotiations and achieve a solution to the Israeli-Palestinian conflict. These investments in basic services for the Palestinian people further the Administration's vision to enable the growth of the Palestinian economy and improve quality of life for the Palestinians, which will also strengthen Israel's security.

The Administration is requesting \$16.0 million to support the U.S. partnership with Morocco and address shared development and security challenges in the region and \$54.6 million to bolster Tunisia's security sector and civil society as the Government undertakes economic and political reform. The Administration's budget request also includes funding to support the development of, and provide tools to, civil society, youth, and business leaders across the region, spanning from Morocco to Iran, who ultimately seek security, stability, and prosperity.

Our efforts to advance U.S. national security cannot focus solely on the immediate operational defeat of violent extremist organizations. The United States must also support long-term stability and prosperity in the region to prevent the re-emergence of groups like ISIS. This requires strong engagement to degrade de-stabilizing threats in the region. U.S. assistance counters Iran's de-stabilizing influence, supports broad-based economic growth, deepens security engagement and cooperation efforts across the region, and advances partnership with the region's citizens. Our capacity to react quickly in changing environments like the evolving conditions in the Middle East and North Africa will require your continued support.

I have seen significant successes and benefits of U.S. assistance both in the region and here at home. Assistance programs create local jobs as well as opportunities for U.S. companies through improved investment climates and support the creation of transparent, predictable regulations and procedures. Assistance in Lebanon pays dividends for U.S. national security, whether it's through our strong, successful partnership with the Lebanese Armed Forces or investments in Lebanon's economic and development needs to counter threats to stability from the impact of the Syrian conflict and from violent extremist organizations such as Hizballah. In Tunisia, the United States is maintaining our strong partnership with a government that has bolstered democratic institutions while implementing

economic reforms. Our assistance, with support from Coalition partners, has also helped enable the return of nearly 1.9 million displaced persons to their homes in Iraq.

Chairman Ros-Lehtinen, Ranking Member Deutch, the President's FY 2018 request supports our highest national security priorities in the region and promotes investments to further our regional interests. I want to thank this Subcommittee for your strong and continued support for the State Department and USAID and look forward to answering your questions.

Statement of Maria Longi
Acting Assistant Administrator, Bureau for the Middle East
U.S. Agency for International Development
House Foreign Affairs Committee
Middle East and North Africa Subcommittee

*“America’s Interests in the Middle East and North Africa:
The President’s FY 2018 Budget Request”*
July 13, 2017

Chairman Ros-Lehtinen, Ranking Member Deutch, and Members of the Subcommittee, thank you for the opportunity to testify on the President’s Fiscal Year (FY) 2018 budget request for the Middle East and North Africa (MENA). And thank you for your leadership on this subcommittee as we face complex and evolving humanitarian and development challenges in the region. USAID supports U.S. national security interests, promotes American prosperity, and advances American leadership by helping our partners recover from conflict, foster stability, and promote inclusive governance and economic growth.

With this request, we will continue to work with our international partners and those in the region to prioritize mutually identified areas of need that advance U.S. national security goals.

As Acting Assistant Secretary Jones noted, the crises in the region have a direct impact on U.S. national security and economic prosperity. The programs that USAID implements, with your continuing oversight and support, enhance regional security, resilience, and prosperity – benefits that are directly connected with American national security and prosperity.

While the news headlines only focus on the multiple crises, conflicts, and threats in the region, we cannot lose sight of the longer-term U.S. goals that can only be achieved with democratic, inclusive governance and economic opportunity.

In the last two months, I have visited USAID projects and met with partners in the West Bank, Jordan, and Iraq – and made virtual visits to projects inside Syria. I can tell you from first-hand experience that in addition to supporting U.S. national security priorities, our friends and allies in the region greatly appreciate our help as they struggle to maintain stability in the face of increasing pressures. We are furthering our interests and improving the lives of many.

Supporting U.S. National Security Objectives

The President's 2018 budget request for the Middle East and North Africa is driven largely by the national security priorities to defeat ISIS, support Israeli-Palestinian peace building, strengthen key partnerships, and advance stability.

For USAID, this means focusing resources in Iraq and Syria, where the campaign to defeat ISIS is intensifying. Immediate stabilization resources will continue to be crucial to ensure success and consolidate Coalition military gains in order to prevent malign actors from filling the void. Our work in these countries is closely synced with U.S. military, diplomatic, and international coalition partners.

For example, in Iraq, USAID's contribution to a multilateral stabilization program helps people displaced by or liberated from ISIS return to their homes once they are ready, in places like Tikrit, Ramadi, and, more recently, Mosul. Our activities help Iraqis resume normal lives by restoring services such as water, electricity, sewage, health, and education. With your support, USAID has already contributed \$115 million to the UNDP's stabilization fund and recently announced its intention to contribute another \$150 million. Our contribution has leveraged \$412 million in other donor funding. The President's request for FY 2018 includes additional funds to support stabilization and recovery in areas liberated from ISIS.

In Syria, our assistance will continue to support targeted stabilization activities, such as the rehabilitation of essential services, provision of technical engineering support, and enabling the restoration of livelihoods to support communities in need in areas liberated from ISIS. Our assistance acts as a bulwark against extremism in

other areas of the country, including those held by the moderate opposition in southern Syria.

Additionally, the U.S., as a founding donor, continues to play a leadership role in the Syria Recovery Trust Fund (SRTF), a successful multi-donor partnership. U.S. contributions presently account for 21 percent of total SRTF contributions of nearly \$200 million, and we have leveraged donor funding from a dozen other countries to benefit more than two million Syrians to date. The SRTF, in partnership with local actors, recently completed renovation of two operating rooms, two obstetrics rooms, adult and pediatric ICUs, and provided incubators, an oxygen generation system, and six months' worth of essential medications to a hospital in Aleppo Governorate that can now treat an average of 1,000 patients each month.

USAID continues to spend the funds appropriated in the 2017 Security Assistance Appropriations Act to support D-ISIS efforts, and we expect this funding, in addition to what we are requesting in FY 2018, to provide sufficient support over the next year for our efforts in other D-ISIS focus areas, such as Libya and Yemen.

In Libya, the U.S. Government is a founding member and contributor to the Stabilization Facility for Libya (SFL), a multi-donor fund. Our contribution is roughly one eighth of SFL's total international donor contributions of approximately \$32.4 million, with additional donor pledges pending. USAID-provided SFL funds will enable continuation of efforts to stabilize transitional areas to the country, including Sirte. U.S. efforts helped the Government of National Accord (GNA) and its aligned forces expel ISIS from Sirte, and the international community must now help the Libyans ensure ISIS never finds safe-haven there again.

Mitigating the Human Impact of Ongoing Conflicts

Conflict affects every country in the region – either directly or as neighbors to conflict. We are working to mitigate the human impact of these conflicts, and keep

allies in the region from sliding further away from important development and economic goals.

17 million people in Yemen need food aid in what is the largest food security emergency in the world, and despite challenges presented by ongoing conflict and limited access, USAID's assistance is critical to advancing the emergency humanitarian and early recovery response. We will continue our support for livelihoods at the community level, education for children displaced by the conflict, interventions to respond to and prevent health emergencies, and stabilization efforts, including helping monitor the flow of key goods needed for humanitarian response.

We are continuing robust support to Jordan as it deals with instability around its borders and high refugee levels. In FY 2018, we will continue to focus on improving Jordan's water sector and its growing supply and demand gap. Jordan has one of the lowest levels of water availability per capita in the world, and with the Syrian refugee population and the rapid growth in the Jordanian population, meeting water demand has never been so crucial. USAID has already helped build many of Jordan's critical water supply facilities networks and eight wastewater treatment facilities, serving the entire population. USAID's investment in water is essential to the health, economic development, and peace and security of Jordan and the region.

USAID has worked with Jordan to coordinate assistance that benefits Syrian refugees and the Jordanian communities that host them. USAID projects focus on alleviating pressures on Jordanian host communities through support to basic service delivery, including health, education, and clean water. USAID supports *The Jordan Compact*, a detailed agreement between the Government of Jordan (GOJ) and the international community, which promotes economic development, education, and other opportunities to benefit both Jordanians and recent Syrian refugees.

Our investment will continue in Tunisia and Lebanon, where significant internal challenges are compounded by instability in neighboring countries. Lebanon

currently hosts the largest number of refugees per capita in the world and refugees represent a quarter of Lebanon's population, which exacerbates tensions and strains Lebanon's economy, already overburdened by the impact of the neighboring Syrian conflict. USAID is therefore focused on providing assistance to Lebanese communities hosting Syrian refugees through development assistance. These ongoing programs improve service delivery, expand economic opportunities, and increase access to basic and higher education across all areas of Lebanon. Our continued support to Lebanon's governance and economic prosperity is critical to support Lebanon against the kind of extremism gripping other parts of the MENA region and as part of our efforts to strengthen the Lebanese government against Hizballah's influence.

In Tunisia, USAID is helping private enterprises address the critical issue of unemployment and underemployment, particularly among young people. Through one program alone we have helped create more than 15,000 jobs, assisted 300 enterprises, and leveraged \$2 million in technical assistance to encourage over \$35 million in direct investment. A separate project, a partnership with Hewlett Packard, UNIDO, and the Government of Italy, helped more than 160 start-ups create more than 1,200 new, long-term jobs. With FY2017 funds, we will provide the final tranche of capital to the Tunisian American Enterprise Fund, which invests in Tunisia's private sector growth.

Fostering Economic Development and Reform

USAID's work to foster inclusive development and economic opportunity play an important role in building stable societies that can be good neighbors and enhance regional and global economic opportunities, including for American businesses. Stable, prosperous societies are critical to the broader network of global security.

The President's FY 2018 request will support key development programs that bolster stability and support the U.S. government goal of achieving lasting peace between Israelis and Palestinians. For example, support will include developing the water and electricity sectors; improving health outcomes through technical assistance to the Palestinian health sector; enhancing the education sector through

in-service teacher development training; promoting better governance and access to critical services such as local courts; expanding existing transportation networks; and addressing basic humanitarian needs in Gaza. USAID does not directly provide funding assistance to the Palestinian Authority (PA), and USAID has a rigorous monitoring and vetting program for our assistance in the West Bank and Gaza.

USAID's economic assistance in Egypt aims to continue a long-standing partnership. As Egypt undertakes critical economic reforms, the request will support private sector-led job creation, workforce development, and better health and education outcomes. FY 2018 resources will also expand support for targeted rule-of-law programs, such as those that combat gender-based violence.

Effectiveness and Accountability

Before concluding, I would like to say a few words about how USAID evaluates the effectiveness of our foreign assistance programs in promoting and protecting U.S. interests in the region.

USAID places the highest priority on ensuring that taxpayer funds are used wisely, effectively, and for their intended purpose. USAID has a zero tolerance policy for fraud and we carry out extensive measures to ensure our funding is not diverted to terrorist financing. USAID uses regular meetings with implementing partners, quarterly reports, data quality checks, verification through third-party monitors, and geo-tagged photographs, videos, and other technology to ensure that taxpayer dollars are spent efficiently and effectively.

To build on our monitoring data, USAID commissions external, third party evaluators to assess activities and answer questions that may not be readily verifiable from monitoring data. In the MENA region in 2016 alone USAID completed 11 external evaluations and is managing three ongoing impact evaluations, which continue to inform the design of more effective activities.

We also use these tools to improve the effectiveness of our programs. Country-level indicators help illustrate the major challenges facing a country – such as in Egypt, where the official unemployment rate is over 12 percent and a quarter of the over 90 million population lives in poverty. This drives our focus to employment and income generating activities. In the past year, we have helped thousands of technical school and university students find internships and jobs – and helped 237 entrepreneurs launch their businesses.

In Morocco, the youth unemployment rate is almost 40 percent, and Morocco underperforms on education indicators. As a result, USAID's Morocco programming focuses on improving education outcomes and strengthening links to the private sector.

USAID's effectiveness is reflected in the people and communities we help. USAID is working to support youth in the cities along Morocco's coast at the northern point of Africa and just a few miles by boat from Spain. Working with the private sector, we provide vocational training and life skills, and help marginalized youth contribute to their communities. Some of these youth are at risk of radicalization. When two teen boys told a USAID-supported youth association they were considering fighting in Syria as a way out of their marginalized community, an association worker steered them instead toward jobs at a construction company.

Statistics also demonstrate the effectiveness of our programs. USAID's third-party evaluation shows that since the start of the activity in 2014, nearly 22,000 marginalized youth have increased confidence, professional skills, schooling, and are more engaged in their communities. Nearly three-quarters (72 percent) of youth surveyed indicated that the quality of life in their neighborhood had improved since the project began. Indeed, the evaluation confirmed that taxpayer funds are having an impact.

USAID uses evaluations to identify what works, so host countries can sustain those efforts. For example, also in Morocco, USAID developed a new reading curriculum, complete with guidebooks and coaching tools for teachers, which we

have implemented in 90 schools for 10,000 primary school children. The Moroccan Ministry of Education decided to stop the roll out of its own revised curriculum and to nationalize the USAID-funded curriculum, since our assessments showed clear improvements in the children's reading and teacher performance.

Regionally, USAID uses findings from assessments and evaluations to adjust, scale, and replicate pilot programs; for example, we are integrating results from regional pilot activities in Countering Violent Extremism and research on the role of women in violent extremism into project design in Tunisia and a cross-learning effort within USAID and the State Department to develop a more nuanced understanding of the role women play globally in violent extremism.

Conclusion

With your support, and with the President's FY 2018 request, USAID will continue to play a key role in demonstrating American leadership and advancing American interests.

Thank you for having this hearing to draw attention to these issues, and I will be happy to take any questions you may have.

Ms. ROS-LEHTINEN. And with that, we will begin the question and answer period with Mr. Chabot of Ohio.

Mr. CHABOT. Thanks very much, Madam Chair.

And the first question would be, this past weekend at the G-20 Summit, a ceasefire was announced for portions of southern Syria to be overseen by the United States and Russia. However, the ceasefire only covers a small portion, as we know, of Syria, and many details remain somewhat unclear.

Would you be so kind as to outline the terms of the ceasefire and how we expect it to be enforced? And does the ceasefire prevent Iran or Hezbollah from establishing a presence in the ceasefire areas?

Ambassador JONES. Thank you, Congressman.

First, Madam Chairman, thank you for your kind words. And thank you for your friendship and your support through these many years. And your announcement also will be, has been a loss for the House. So, thank you very much.

Congressman, in regards to the ceasefire that was announced last week, this represents an agreement between the United States, Jordan, and Russia to establish a ceasefire in the southwestern quadrant of Syria. And the idea is, of course, initially to establish a ceasefire, but, ultimately, to create conditions in that area where people could start to return to their homes, where we would be able to deliver humanitarian assistance, and we would be able to create stability.

Certainly an essential element of that is to have no forces threatening the line of demarcation, whether they be Syrian Regime forces, or Iranian forces, or Hezbollah forces. So that is certainly part of the expectation.

That said, some of the details are still to be worked out. And we are still working through the mechanics of this. Since the ceasefire was announced last Thursday we have seen now several days of genuine stability and peace in that vicinity.

And just right before I got here I got a report from Michael Ratney, our Deputy Assistant Secretary, who participated in that negotiation. And he said that reports today from the area around Daraa and this area where the ceasefire has been declared that the ceasefire is holding effectively.

So this is good news for us.

Mr. CHABOT. Thank you very much.

In the past, Iran and North Korea have cooperated, as we know, in missile development. What is the current state that we believe of ballistic missile cooperation between Iran and North Korea?

Ambassador JONES. Thank you again, Congressman.

So, the Iranian development of ballistic missiles we believe is a significant threat to stability in the Middle East. This is in complete violation of U.N. Security Council Resolution 2231. We know that the Iranians are providing ballistic missiles and ballistic missile technology to the Houthis, which is adding to the conflict in Yemen.

And there are other instance, too, where the Iranians are providing the ballistic missile technology to Hezbollah and other terrorist organizations in the region.

I am sorry, I am not prepared to speak to you about the nexus between North Korea and Iran. But, clearly, Iran is an evil, is an evil partner in this arrangement.

Mr. CHABOT. Thank you.

And finally, let me turn to ISIS. Obviously Mosul has just fallen, although there are I guess a few things still to wrap up here and there. But overall it looks like the Iraqi forces, you know, with our assistance and others, have won out there. And I would assume that Raqqa will be soon.

And the question is what—I assume the administration is planning on what happens with those who either go back to their country or go elsewhere. It will continue the terror in other parts of the world. What is the planning going on there, to the extent that you can tell us in an open forum?

Ambassador JONES. Well, thanks for the question again, because it is very timely.

Today, at the State Department, we are hosting a meeting of political directors from all the coalition members. And a key focus of this discussion has been, what are we going to do about the foreign fighters who are going to be now leaving the field in Iraq and Syria?

There is a great deal of concern, as you would expect, in Southeast Asia. I had the Deputy Prime Minister—sorry, the Deputy Foreign Minister of Australia in my office yesterday talking about this very topic: How can we cooperate to make sure that we are sharing information and identifying these foreign fighters as they cross borders and present threats to other regions?

So this is something that is very much under our attention. We are working closely with DoD partners. We are, of course, focusing on terrorist finance aspects through the Department of Treasury. This is a whole of government approach.

And, again, this is something that was highlighted during the President's summit in Riyadh back in May. The GCC countries and, indeed, all of the Muslim countries who attended the broader summit pledged to support efforts to counter terrorism financing, to counter terroristic and extremist messaging, and also to counter the flow of foreign fighters across borders.

Mr. CHABOT. Thank you. My time has expired.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chabot.

Mr. Deutch of Florida.

Mr. DEUTCH. Thank you, Madam Chairman.

There has been a lot of attention on Capitol Hill paid to the so-called Palestinian martyr payments. And we all abhor this practice of incentivizing and rewarding terrorism. Certainly does nothing to advance the prospects for peace that we all desire.

I have raised this issue directly with Palestinian Authority leaders on multiple occasions. It has been on the agenda for President Trump and his advisors in their meetings with President Abbas and other Palestinian officials.

Yesterday the Senate Foreign Relations Committee held a hearing on the Taylor Force Act. The legislation in its current form would bar aid from all West Bank and Gaza programs until a certification could be made that these payments have ceased. Now is clearly the time for action. There is momentum in Congress and in

the administration, and many of our allies around the world have joined in decrying these payments.

The witnesses at yesterday's hearing offered a number of suggestions for revisions to the legislation that would ensure that we maintain Israel's security, such as withholding PA debt payments or setting aside the money as incentive for the PA to retrieve it once changes to the practice are made.

Does the department have a view on these potential pass-forwards so that the United States Congress can move ahead with the Taylor Force Act and finally move on legislation aimed at stopping these payments to terrorists?

Ambassador JONES. Thank you, Congressman. And also thank you for your kind words. And I appreciated your visits to my, to my various Embassies and very much appreciate your friendship.

Of course the administration shares Congress' commitment to ending the programs that incentivize acts of terrorism. President Trump has discussed this issue directly with President Abbas, emphasizing the need to make significant progress on this issue. And, in fact, we have seen some progress.

For the first time in the 52 years of the Palestinian's Prisoner Payment Program, the Palestinian Authority cut funding to 277 Hamas-affiliated former prisoners last month. Now that's not sufficient. None of us think that's sufficient, but it is a step forward. We know they have to do more.

It is not clear that the Taylor Force Act, as currently drafted, would help accomplish the objectives that are needed. But we—but I agree with you that the hearing yesterday was very constructive, some interesting ideas proposed. The administration has not yet taken a position on those proposals.

Mr. DEUTCH. All right. I appreciate that. I urge the administration to look closely at some of those proposals to see if there is a way to move forward on this quickly.

Small investments in programs like the Middle East Regional Cooperation Program, which started over 35 years ago, which helped foster cooperation between Israel and their Arab neighbors, can go a long way. This particular program has never received more than \$5 million. And it brings together researchers from across the region.

Why, at a time when the White House seems to be pushing a regional approach to peace, would we zero out a program like this?

Ms. LONGI. Thank you for your question. And thank you for all of your support for and words for USAID, and for development of humanitarian assistance. We appreciate hearing that.

The Middle East Regional Cooperation Program was zeroed out. I will say they do some wonderful programs and there are a significant number of grants in their pipeline. So, as a practical matter, that program can continue for a little while.

But we do have several other cooperation programs in the Middle East with the Israelis and Palestinians we implement between civil society groups, between educators, between businesses. So, while this is one of the programs where we do have a cooperation between the different players, we do have others that support that objective.

Mr. DEUTCH. I know that we do. I would also point out it is a decision to make a small cut to a program that will effectively be eliminated, a program that contributes to peace. And I would urge you to reconsider that.

I am deeply concerned—I wanted to follow up on Mr. Chabot's point—I am deeply concerned that the administration has been willing to let Russia lead in Syria. And Russia has shown no willingness to divorce itself from Assad, from Iran, or from Hezbollah.

You had spoken about the current ceasefire. But I would like to just look ahead and ask whether the United States would ever agree to a political solution that allows a sustained Iranian or Hezbollah military presence in Syria?

Ambassador JONES. Thank you, Congressman.

We are very troubled by the Iranian military presence, by the Hezbollah presence in Syria. This is a significant risk and poses a terrible threat to stability, not only in Syria but to the entire region. So we are very troubled by that.

Our engagement with Russia is aimed at reducing the levels of violence inside of Syria today. And so far if this ceasefire in southwestern Syria holds, that would be a step forward in terms of the reduction in violence and just trying to improve people's lives at a very basic level.

In parallel, the Russians have established a process called the Astana Process in which they are working with the Iranians and the Turks. And they have also in that forum proposed three other de-escalation areas to reduce the, to reduce the levels of violence. And, indeed, since they proposed those areas we have seen a reduction in violence in those areas.

So, we will work with the Russians if they continue to be able to help us reduce the levels of violence in these areas. Hopefully, as we reduce areas of violence we can create greater levels of stability, we can provide more humanitarian assistance. And then the idea is to move toward a political process. And we hope that that political process will remove Bashar al-Assad.

Mr. DEUTCH. Well, I understand. Let me just be clear though. And I understand the step-by-step approach. But my question was about a political solution, about a long-term plan.

And I would suggest to you, respectfully, that the idea that there can be stability in Syria with a permanent presence of Iran and Hezbollah is not a serious one. And that is what I am suggesting.

Ambassador JONES. And I am sorry, I should have, I should have said that I agree with you. We agree. We agree on this point. There cannot be stability in Syria as long as Iran and Hezbollah maintain this current military presence. That is our position as well.

Mr. DEUTCH. I appreciate it, Mr. Ambassador. Thank you both.

Ms. ROS-LEHTINEN. Thank you, Mr. Deutch. Thank you.

Mr. Cook of California.

Mr. COOK. Thank you very much, Madam Chair.

My questions are about there is a whole laundry list of countries here that we could address, but let me start off with there are two I want to talk about: Bahrain and the huge cut in a country where, obviously, our military, the fleet is stationed right there. Anyone who has ever gone there they know how important that is.

And then you have the situation with a government that is primarily Sunni with the majority of the population Shia. And I am afraid that is on the at least my watch list for future problems from Iran and what have you. And could you comment on that situation?

And, of course, to see that cut there it like, wait a minute, does anybody know what is going on? And whether you share my angst in that regard.

Ambassador JONES. Thank you, Congressman.

We, we certainly agree that Bahrain is an important security partner for the United States. It is the base of the 6th Fleet. It is an important partner in the coalition against ISIS. It is playing a role in the Saudi-led coalition on Yemen. We have important security interests and investments in Bahrain.

Bahrain also faces tremendous security challenges. I was there recently in March and I met with the Minister of Interior. He told me that in the last year he had lost 50 police officers to Iranian-sponsored terrorism in Bahrain. So, we need to stand by Bahrain.

Again, we will have this regional—sorry—this global foreign military financing fund where we will have the flexibility to support our partners as needed going forward. The Pentagon will also have funds, counter-ISIS funds through which they can support programs in Bahrain.

And, also, to a great degree Bahrain can support its own security. And it also receives significant support from its Gulf partners. So I am confident that there will be no gaps in our approach to Bahrain.

We are concerned about human rights in Bahrain. But this administration has de-linked the conversation on human rights to our security support. We are still talking about human rights. We are very concerned about the arrest of dissidents and the lack of due process, but we have de-linked that from the important security support that you mentioned.

Mr. COOK. Thank you. The other country I wanted to talk about was Tunisia. You know, I look at the figures for Libya and I understand that. But Tunisia, you know, where the Arab Spring and everything like that, where it all started, and that was a year, 2 years ago. And saw the remnants where they shot up the museum and things like that.

More telling, at least from an economic standpoint, and all the beach resorts and the cruise ships that are now in Croatia, or what have you, and the whole economy is, is just basically hurting. And it is very, very worried about that country.

In this, my thoughts on this were reinforced. I was just in Italy a few months ago, and the Italians are very worried about the human trafficking coming from sub-Saharan Africa, through Libya, through Tunisian, some of those countries that are, you know, landing every night there.

And that is going to be basically the same question: Do you share my same anxiety about that country where in many ways that was our hope for the future for the Arab region?

Ambassador JONES. Thank you, Congressman.

As you say, Tunisia is an important partner for the United States. Prime Minister Chahed was here this week. He met with

the Vice President. He met with Secretary of Defense, Secretary of Treasury. The Tunisians have been doing a terrific job. They are building democratic institutions. They are defeating ISIS. They definitely merit our support.

I think this budget reflects significant support for Tunisia. We straight lined our economic support funds with the exception of just \$20 million. That reflects the fact that we have paid up the Enterprise Fund commitment in Tunisia. And the Enterprise Fund is succeeding in Tunisia.

We also, thanks to the support of Congress, were able to provide \$40 million in supplemental FY 2017 funds in counter-ISIS funds to Tunisia. Thirty million of that is FMF. So that is money that will be going into the system relatively soon.

As the chairman mentioned, although we have not—this budget does not provide for FMF in FY 2018, Tunisia will be a higher priority recipient under the global FMF fund, \$200 million FMF fund. I think all of us recognize the principles that you have outlined, that we need to stand with Tunisia.

Let me just say very quickly, too, Tunisia will also continue to qualify for DoD 333 funds, also DoD CTEF funds. And, also, Tunisia is now the beneficiary of a MCC, Millennium Challenge Corporation, compact agreement which will bring a significant U.S. investment, multi-hundred million dollar investment in infrastructure into Tunisia.

So, I think we can say we are standing by the Tunisians.

Mr. COOK. Thank you very much. I yield back.

Ms. ROS-LEHTINEN. Thank you, Mr. Cook.

And before I recognize Mr. Cicilline, we are going to be cutting the time for Q&A to 4 minutes because we want to give as many members the opportunity to ask questions before the votes are called.

Mr. Cicilline is recognized.

Mr. CICILLINE. Thank you, Madam Chair. Thank you to our witnesses, and not only for your service but for the service of the men and women you represent. And I regret that we are living in a time where there is such an absence of leadership in important positions in both your agencies.

But I want to just quickly move to my questions. First is, ISIS control over Syrian land has drastically reduced over the past year, particularly of course in the northern part of the country. How does the budget that is being presented today support the humanitarian aid which will be necessary to promote stability in these areas?

And what can we do, and what does the budget support to ensure that these areas are not taken advantage of by new and different extremist groups going forward?

Ms. LONGI. Thank you for your question.

I can start on the humanitarian and development support that we provide through this budget, primarily in Iraq and Syria, which is where the issues are most prominent right now. I think the request on the humanitarian account will continue to support the needs that we are seeing in both Iraq and Syria.

Just this week, we announced another \$190 million for the humanitarian crisis in Syria. So, we will continue to support that issue.

In Syria, the U.S. Government has already provided over \$6 billion since the Syria crisis began on the humanitarian front. And as with Iraq, we have requested sufficient funds, we believe, to continue to support those needs.

For the request on the stabilization front, we are anticipating that those needs will be great. The estimates that we are hearing from Mosul just this week with the coalition in town are upwards of \$1 billion. We just announced the contribution of \$150 million to the UNDP stabilization fund there. And so we are working very hard to encourage other, other coalition partners to contribute as well. And, hopefully, we will be successful on that front because they are already seeing returnees because of some of the stabilization efforts that they have made.

In Syria for the stabilization effort, we have requested funding in our budget for that. The landscape is unknown for a lot of that now. But I think our goal, and what we are discussing with our coalition partners, is focusing on stabilization once areas are liberated. And so, we are all working to tee up partners to do that work and funding.

Mr. CICILLINE. Thank you.

As Iran and North Korea are enhancing their abilities to disrupt military communications and navigation in order to degrade information networks, does the Fiscal Year 2018 budget propose enough spending to fight this global threat of electronic warfare by two of our most serious adversaries?

Ms. LONGI. Could you repeat that?

Mr. CICILLINE. Sure. They are, both North Korea and Iran are enhancing their capabilities to disrupt military communications and navigation in order to degrade information networks. And does the Fiscal Year 2018 budget propose enough spending to fight the looming global threat that these adversaries present through electronic warfare?

Ambassador JONES. So, I apologize, Congressman. I am not well prepared on what we are doing on electronic warfare. Those activities wouldn't come out of the NEA budget. But I can assure you that this is a topic of frequent discussion in the inter-agency, and both the Pentagon, our intelligence services, and others are looking at these issues and are preparing approaches.

Mr. CICILLINE. Thank you.

And my final question. According to Freedom House, freedom in the world has been in decline over the last decade. The President's request for democracy rights and governance is down to \$1.5 billion, a reduction in more than \$700 million, and 30 percent compared to the \$2.3 billion appropriated by Congress in Fiscal Years 2016 and 2017.

And my question is how does the President's request, that dramatic reduction, reflect our country's commitment to democracy, human rights, and good governance at a time when the threat of instability, violent extremism, and tolerance, and authoritarianism seem to threaten more and more people around the world? It seems as if we are retreating from that work by this very substantial reduction in this budget proposal. And I would like to hear your response to that, please.

Ms. LONGI. Thank you. I can say from USAID's perspective that democracy and human rights is no less of an emphasis for us as we go forward.

Mr. CICILLINE. I understand. But can you do the work that is necessary with a 30 percent reduction?

Ms. LONGI. In the Middle East region, we have not requested a 30 percent reduction so, hopefully, we are confident that the funds that are there will allow us to do what we are able to do in these countries. As you acknowledged, that space is getting tighter and it makes it more difficult, which makes it tough to kind of up our game on the diplomacy and the conversation part with the countries, but I think assistance-wise we have sufficient funds to do that.

Ms. ROS-LEHTINEN. Thank you.

Thank you, Mr. Cicilline. And we regret that votes have just been called. We have 11 votes. But I think that we will be able to get in Mr. Kinzinger and Ms. Frankel's question, and I—questions, and I would ask the members to submit the other ones, their questions in writing.

Mr. Kinzinger.

Mr. KINZINGER. Thank you, Madam Chair. And, again, thank you all for being here.

I was actually watching a cable news show yesterday, and that is not one I usually watch, and there was a respected scholar Max Boot on it. And in that exchange with this cable news host, this cable news host was talking about basically how wonderful it would be to work with the Russians in the Middle East and how, you know, the Iranians actually aren't really all that bad, and said that, you know, there was no terrorist attack by the Iranians against Americans in the United States. Although Mr. Boot reminded him that there are about 900 dead Americans from Iraq as a result of Iranian involvement and influence.

And I say all that to say there is this kind of like really kind of sick narrative out there that we no longer need to fight for values, and human rights, and beliefs, and freedom, which is very counter to President Reagan, that, you know, I became a Republican because of. And now it is this idea that we lean again on strongmen, and that dictators can keep order in the Middle East, and that somehow repressing human desires is possible, even in the age of technology when people can communicate and come together.

I think, you know, when you make the case on Syria for instance, people often point to Libya as a disastrous result. And there is huge challenges in Libya. I would argue that it was our leaving Libya afterwards that has been a big problem. But if I compare Libya to Syria, there is no comparison in terms of which is the bigger tragedy. In Syria there was no intervention; Libya there was intervention. Much different of a situation.

I say all that to ask this: Instead of relying on other countries and encouraging them to use military hard power to oppress humans, and bomb hospitals, and kill 500,000 Syrians in this case, as I mentioned in my opening statement, it is about winning over the next generation. We are engaged in a war that is going to take as long or longer than the Cold War. The Cold War was won not because we had a great military—we did—but it was won because

multiple generations began to reject the philosophy of communism and desire more. That is what is going to have to happen in this fight.

So I guess the question for both of you is, when we talk about the next generational war on terror, we talk about the budget request, we talk about giving people hope and opportunity, not all just us, but working and leveraging our allies and partners in the region together, do we have sufficient enough resources and strategy to engage in that understanding that this is a long-term fight, when ISIS' flag falls there is still going to be this ideology and see this through to the end?

I will start with you, Ambassador.

Ambassador JONES. Well, thank you, Congressman.

And I think if we look at what happened in May, the Riyadh Summit where the President met first with the Saudis and then with the GCC and then with the broader Islamic community, and in all of those sessions they mutually agreed to fight extremism, to counter extremism, to defeat terrorism, and also to stand up against the malign Iranian influence that is destabilizing the region, that has caused so many deaths and destruction in Syria.

So I think that the Riyadh Summit was an historic event. And I think it is important to look at what came out of those meetings. And that has created a platform for this administration to move forward.

In the GCC, although there has been this falling out with Qatar, we still have a document that creates a platform for both counter-terrorism and counter-extremism cooperation, but also security cooperation throughout the region, blunting the malign influence of Iran, and working together to build those economies.

As you know, one of the deliverables from the President's visit to Riyadh was the establishment of the ETIDAL Center for Counter-Extremism in Riyadh. The director of the center is here this week; he has been meeting with U.S. Government officials all week. He is taking back new ideas. And this is not just about stopping negative messages in the cybersphere, this is about addressing the core issues that you have raised in your question.

So I think it is exactly where we are.

Mr. KINZINGER. Thank you.

Ms. ROS-LEHTINEN. Thank you.

Ambassador JONES. Sorry.

Ms. ROS-LEHTINEN. Thank you.

Mr. KINZINGER. Thank you.

Ms. ROS-LEHTINEN. Excellent question. Thank you for the answer.

Ms. Frankel of Florida.

Ms. FRANKEL. Thank you, Madam Chair.

Let me start by saying that the ignorance of the State Department budget is appalling and frightening. We are withdrawing from the world at a time when our leadership is needed more than ever. And buddying up with Vladimir Putin is not a substitute for a well thought out plan for peace and security.

I am not going to ask you any questions because you are here to defend what I think is the indefensible. And I think you two are just very fine public servants. And I don't want to do that.

So I am going to yield to Mr., the rest of my time to Mr. Schneider who wants to take a shot at asking you a question.

Mr. SCHNEIDER. Thank you. I appreciate the moments. And I appreciate your service to our country and you being here to discuss.

Two things. One, what was spoken about earlier with the ceasefire negotiated in southwestern Syria and the idea of the presence of Iran, Iranian troops, Hezbollah troops there, are you aware, this ceasefire I assume includes Daraa where this started. And I don't know how we can have a process that is going to lead to peace by having the same people who have oppressed an entire nation because 15 young children spoke out against the government, and yet there it is. It includes the area to the west of Daraa along the Damascus-Amman Highway, which not only borders Jordan but borders Israel. And the idea of Iranian troops, the possibility of them ever being there is of grave concern.

So I guess that is a statement more than a question.

My question is budgets reflect our values, they reflect our goals, they ultimately, in theory, should reflect our strategy. It seems to me that this budget is a budget developed first with numbers, and then we will see if the strategy follows.

So to each of you, given the draconian cuts, I will argue indefensible, unwise, misguided cuts of this budget, what impacts is that going to have on A) the ability to achieve our goals; are we changing our goals, and B) the strategy that follows to achieve those goals?

Ms. LONGI. Yes, thank you.

I think that the budget for the Middle East is reflective and supportive of our goals. I am not going to speak to the military piece of it. But on the development and stabilization piece, I do think that we have asked for sufficient resources to support what our goals are. And those include defeating ISIS and stabilizing the regions afterwards, as well as the longer-term development goals in the countries such as Jordan and Egypt, in countries where there is more stability and the ability to do that.

Mr. SCHNEIDER. And if I may, I am sorry to interject, but because of time.

Defeating ISIS is critical. We have to defeat ISIS. It is a milestone, it is not the endpost. The endpost is a region that is stable, a region that is not a threat to the countries around it, and to the United States.

Ms. LONGI. And I will just add on that in our strategic planning and thinking about the assistance, how we spend the assistance in these countries, we do look longer-term to the development impacts. And so, we are not just doing the immediate stabilization work, we are looking at primary education, and jobs creation, and things that do have a longer-term impact.

Mr. SCHNEIDER. I guess, Ambassador Jones, put you on the spot. And I wish you great happiness in your retirement. We will miss you.

But as you look back on your career, the budget being proposed is it going to make your successors, and those who come, the men and women who put their lives on the line day in and day out working on behalf of our nation as diplomats in development, is their job going to be easier or is it going to be more difficult?

Ambassador JONES. Thank you for your kind words.

So speaking for NEA, speaking for the Middle East Bureau, we, we are looking at an 11 percent cut here. I think we have been able to digest these cuts. Clearly, I think there is concern about the zeroing out of some of the foreign military financing accounts. We will look at how to address that through the \$200 million FMF Global Fund.

Ms. ROS-LEHTINEN. Thank you, Mr. Ambassador. Thank you, Brad.

Ambassador JONES. Thank you.

Ms. ROS-LEHTINEN. I know that your wife, Barbara, is itching to have you leave as well.

Ambassador JONES. Thank you.

Ms. ROS-LEHTINEN. But we have 2 minutes left to vote. And with that, the subcommittee is adjourned.

Thank you for your testimony. Thank you.

[Whereupon, at 2:13 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, DC 20515-6128**

Subcommittee on Middle East and North Africa

Ileana Ros-Lehtinen (R-FL), Chairman

July 6, 2017

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 the Middle East and North Africa in Room 2167 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Thursday, July 13, 2017

TIME: 1:00 p.m.

SUBJECT: America's Interests in the Middle East and North Africa and the President's FY2018 Budget Request

WITNESS: The Honorable Stuart Jones
Acting Assistant Secretary – Bureau of Near Eastern Affairs
U.S. Department of State

Maria Longi
Acting Assistant Administrator of the Bureau for the Middle East
USAID

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 the Middle East and North Africa HEARING

Day Thursday Date 07/13/17 Room 2167

Starting Time 1:20 p.m. Ending Time 2:13 p.m.

Recesses ☐ (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Chairman Ros-Lehtinen,

Check all of the following that apply:

Open Session ☒

Executive (closed) Session ☐

Televised ☒

Electronically Recorded (taped) ☒

Stenographic Record ☒

TITLE OF HEARING:

America's Interests in the Middle East and North Africa and the President's FY2018 Budget Request

SUBCOMMITTEE MEMBERS PRESENT:

*GOP- Chairman Ros-Lehtinen, Reps. Chabot, Cook, DeSantis, Kinzinger, Zeldin, Donovan, Mast, Fitzpatrick
Dem- Ranking Member Deutch, Reps. Cicilline, Frankel, Schneider, Suozzi*

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

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.)

Mr. Connolly's Statement for the Record

Questions for the record for Acting Assistant Administrator Longi from Chairman Ros-Lehtinen

Questions for the record for Ambassador Jones from Chairman Ros-Lehtinen

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 2:13 p.m.

Antonella Duro
Subcommittee Staff Associate

Statement for the Record
Submitted by Mr. Connolly of Virginia

The United States has many interests in the Middle East and North Africa, including the free flow of commerce, human rights, territorial integrity, democratic governance, counterterrorism, and broader regional stability. Protecting these interests requires significant financial investment, diplomatic capacity, and strategic messaging. Unfortunately, the Trump Administration has failed on all three accounts.

President Trump's FY 2018 international affairs budget represents a unilateral retreat from U.S. global leadership, and the Middle East and North Africa region is no exception. The President's budget requests an 11 percent cut to non-humanitarian bilateral aid for Near East and North African countries. When it comes to humanitarian assistance, the picture is even more dire. Since 2011, the United States has provided more than \$8.9 billion to alleviate humanitarian crises stemming from ongoing conflicts in Syria, Iraq, Yemen, and elsewhere in the Middle East. These funds provide food, safe drinking water, emergency and transitional shelter, relief items, livelihood assistance, and critical health interventions. In 2017, the global appeal for humanitarian aid was higher than ever; yet President Trump has proposed cutting global humanitarian assistance by 44 percent.

I am thankful to the witnesses for appearing before us today, and I have no doubt that you are both highly qualified civil servants. Nonetheless, each of you is here in an acting capacity because President Trump has declined to invest in the human resources necessary to carry out the State Department's and U.S. Agency for International Development's missions. At State, only two out of twenty-two assistant secretary vacancies have a nominee, and neither would cover Near Eastern Affairs or African Affairs. At USAID, no one has even been nominated to fill the ten deputy and assistant administrator positions. President Trump has failed to nominate ambassadors for at least five key countries in the Middle East and North Africa region, and his incoherent foreign policies drove the chargé d'affaires in Doha to resign.

This lack of financial and human resources is matched only by the absence of a Trump Administration strategy to address the region's ongoing conflicts and challenges. While President Trump has been outspoken on his commitment to defeat ISIS, his strategy remains opaque. He has twice pledged to hold a press conference on the fight against ISIS, but that has yet to occur.

Following the Syrian regime's unspeakable sarin gas attack in April 2017, the United States conducted airstrikes targeting Syrian war planes and infrastructure at al-Shayrat airfield. The United States has a vested interest in enforcing global norms against chemical weapons and alleviating humanitarian concerns. However, fifty-nine Tomahawk cruise missiles are not a substitute for a strategy going forward. Further, the United States has continued to engage the Syrian regime militarily on a number of occasions since then without consulting Congress to obtain the necessary

authorities. Kneejerk kinetic responses without an overarching strategy endanger American lives and diminish U.S. global leadership.

Last month, Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt cut off diplomatic and economic relations with Qatar, citing Doha's close ties with Iran and support for terrorism. Rather than brokering a deal with our varied GCC partners, President Trump exacerbated the situation by choosing sides. Trump has stoked regional rivalries and inflamed conflict in an already volatile part of the world. Criticism of Qatar is valid. They should be doing more to combat terrorism. However, uninformed missives that do not take into account the location and well-being of 11,000 U.S. service members are reckless and disturbing.

The hard truth is that when the United States does not act as a forceful advocate for our principles and our interests abroad, we leave a vacuum. When U.S. leadership retreats, adversaries who do not share our interests and values fill that vacuum and endanger U.S. security. Last month, this Subcommittee held a hearing on Russia's strategic objectives in the Middle East. We heard how Russia has carried out a dramatic expansion of its military, diplomatic, and economic footprint in the region. Putin's aims in that part of the world compete with and threaten U.S. interests. I look forward to hearing from our witnesses on how the President's budget can protect U.S. interests in the Middle East and North Africa when it decimates our diplomatic, development, and humanitarian accounts.

Questions for the Record Submitted to
Acting Assistant Secretary Stuart Jones by
Congressman Ros-Lehtinen
House Foreign Affairs Committee,
Subcommittee on the Middle East and North Africa
July 13, 2017

Question:

The Administration has not requested FMF grants to a number of smaller NEA countries, such as Tunisia, Morocco, Bahrain, and others. It has also requested a proposed \$200 million for a FMF global fund. What is the rationale behind ending these grants and creating a global fund? Obviously, these countries will now be in competition with countries from other regions. How will FMF grants from the global fund be prioritized and decided?

Answer:

Focusing our efforts will allow us to advance our most important policy goals. We will continue to engage diplomatically with allies and partners to advance U.S. national interests and shared policy priorities. As we work to streamline efforts to ensure efficiency and effectiveness of U.S. taxpayer dollars, we acknowledge that we have to prioritize and make some tough choices. The Department is shifting its approach to the funding and provision of military assistance globally. The Department's budget request includes \$200.7 million in global Foreign Military Financing (FMF) resources, which could support targeted FMF grants or loans to partners such as Tunisia, Morocco, Bahrain, and others. Shifting some foreign military financing from grants to loans will better leverage U.S. taxpayer dollars and still allow qualifying partners to purchase more American-made weaponry.

The Administration's request gives the United States a range of tools to build the capacity of foreign militaries, including FMF grants, FMF loans, and Department of Defense (DoD) assistance programs. We are working closely with the DoD to optimize our security sector assistance for priority countries, particularly given DoD's expanded authority to build partner capacity through Section 333 of the National Defense Authorization Act.

Question:

Is the Defense Department expected to fund the continuation of previously FMF-funded counterterrorism aid in countries that no longer receive State Department FMF grants? What implications might that have for the future balance of departmental roles in the provision of security assistance, and is this part of an intentional policy decision to remove State from the FMS process, and as a result, this Committee of its oversight responsibilities on foreign military sales?

Answer:

The Administration's request gives the United States a range of tools to build the capacity of foreign militaries, including FMF grants, FMF loans, and Department of Defense (DoD) assistance programs. We are working closely with the DoD to optimize our security sector

assistance for priority countries, particularly given DoD's expanded authority to build partner capacity through Section 333 of the National Defense Authorization Act. The Department remains committed to exercising its statutory role in overseeing the Foreign Military Sales process, as mandated by the Arms Export Control Act.

Question:

Have there been any discussions about a return to cash flow financing for Egypt, or will that policy remain the same going forward?

Answer:

Egypt is a strategic partner of the United States and the Administration is committed to strengthening our relationship. Since entering office, President Trump has made it a priority to deepen U.S. engagement with Egypt.

Previous use of cash flow financing (CFF) did not allow the United States to respond to the immediate and critical needs of the Egyptian Armed Forces when Foreign Military Financing (FMF) for the year had already been expended.

The Administration is taking a comprehensive look at how the United States can best support Egypt's efforts, including through training, advice, and assistance options to ensure that Egypt receives the support it needs to address the threats it faces.

Question:

The Kurdistan Regional Government of Iraq intends to hold an advisory referendum on independence in September 2017, after which KRG officials may seek to open negotiations with Iraqi authorities about confederation or independence. How does the Administration intend to manage related sensitivities regarding the provision of U.S. assistance to the KRG and other subnational entities in Iraq? Should Congress place additional related conditions or reporting requirements on U.S. assistance to Iraq?

Answer:

The U.S. government does not support a referendum on Kurdish independence at this time, and we have conveyed this view to Kurdistan Regional Government (KRG) officials at senior levels. We have asked them to postpone the referendum and instead engage with Baghdad in a process of dialogue on their future relationship.

While the planned referendum is non-binding and would not lead to an immediate change in the status of the Iraqi Kurdistan Region (IKR), it could have negative consequences on Baghdad-Erbil cooperation that is critical to defeating ISIS in Iraq. The referendum also has the potential to sow instability, especially as the KRG plans to include disputed areas in the poll. It may also undermine moderates like Prime Minister Abadi in 2018 elections.

The international community is nearly unanimous in its opposition to the referendum's proposed timing. The United Kingdom, Germany, Turkey, the EU, Turkey, and dozens of others have spoken out against it. Furthermore, the United Nations Assistance Mission for Iraq (UNAMI) has stated explicitly that it will not support the vote, weakening the legitimacy and credibility of the vote.

In our conversations with the KRG, we have asked that they postpone the referendum at least until after ISIS is defeated, and preferably after 2018 elections and government formation. We have encouraged the Government of Iraq and the KRG to agree to a high-level, sustained dialogue on unresolved issues, including the disputed territories, energy cooperation, and revenue sharing, and we have offered to act as a facilitator of those discussions. Such a dialogue could also include the possibility of a referendum at some point in the future. Both sides agreed to begin these meetings in the coming weeks. However, the KRG has not yet agreed to postpone the referendum.

We fully inform the Government of Iraq and receive the concurrence of the Prime Minister's office for all U.S. assistance to sub-national entities, including the KRG. A unilateral Kurdish referendum may also reduce Prime Minister Abadi's willingness to sign off on such assistance. Although we believe it is premature to condition U.S. assistance to the KRG, we will continue to evaluate all options.

Question:

Do you think it's wise to be eliminating FMF funding for Tunisia at this time? Would you support Tunisia receiving assistance out of the global FMF fund in order to make up the difference in any cuts to Tunisia-specific FMF?

Answer:

Tunisia is an important partner, and the United States is fully committed to its success. The Administration will continue to engage diplomatically with allies and partners to advance U.S. national interests and shared policy priorities. As we work to streamline efforts to ensure efficiency and effectiveness of U.S. taxpayer dollars, we have to prioritize and make some tough choices. Focusing our efforts will allow us to advance our most important policy goals.

The Department's budget request reflects a change in approach to the funding and provision of military assistance globally. The request includes \$200.7 million in global Foreign Military Financing (FMF) resources, which could support targeted FMF grants or loans to partners such as Tunisia. Shifting some foreign military financing from grants to loans will better leverage U.S. taxpayer dollars and still allow qualifying partners to purchase more American-made weaponry. We will examine all of the resources available to continue supporting Tunisia's security and stability, including not only FMF, but also INCLE, NADR, and IMET funds at the State Department and assistance administered through the Department of Defense. Finally, we are working closely with the Department of Defense to optimize our security sector assistance for priority countries, particularly given DoD's expanded authority to build partner capacity through Section 333 of the National Defense Authorization Act.

Question:

Lebanon received a significant cut in the President's budget request for FY 2018 over previous years, including the elimination of FMF assistance. The request includes \$22 million for health, \$26 million for education, and \$23 million in private sector competitiveness. How is this assistance given – is it directly to Lebanese ministries? What programs are covered under private sector competitiveness, and what groups do we work with to implement those programs?

Answer:

The President's FY 2018 budget request of \$103.8 million for assistance to Lebanon includes \$85 million in Economic Support and Development Fund (ESDF) funding. Of this total, we are requesting \$23 million in FY 2018 ESDF to support private sector competitiveness programs intended to leverage private investments that will encourage new businesses and economic productivity. These programs support microenterprises and microfinance institutions to improve livelihoods in rural areas, increase the availability of equity capital, and expand services to improve business skills of micro-entrepreneurs. These programs build off successful programs that advance stability in Lebanon, a key U.S. regional interest, by providing economic opportunity in historically underserved areas.

Currently, U.S. economic and development assistance is not provided directly to the Lebanese government, but rather, through NGOs and international organizations. The State Department and USAID work assiduously to prevent the use of U.S. government funds, directly or indirectly, to benefit individuals or entities associated with terrorist groups.

While the FY 2018 budget request does not include specific bilateral Foreign Military Financing (FMF) for Lebanon, the Administration is committed to combatting the threats posed by terrorist organizations in Lebanon, such as ISIS and al Qa'ida-affiliated groups. As such, the FY 2018 budget request was developed to provide flexibility to respond with any combination of these programs.

We view the Lebanese Armed Forces as a critical partner in combatting terrorism and contributing to regional stability. We will continue to work closely with the Department of Defense to ensure the United States government can address the most urgent needs of the Lebanese Armed Forces.

Questions for the Record Submitted to
Acting Assistant Administrator Maria Longi
by Representative Ileana Ros-Lehtinen
Subcommittee Hearing on Fiscal Year 2018 Budget Request on Middle East and North Africa
July 13, 2017

Question

The current request has an additional \$300 million primarily for post-conflict stabilization in areas liberated from ISIS in Iraq, while much of the \$191.5 million in bilateral aid request for Syria is for supporting recovery and stabilization activities and removing explosive hazards in areas liberated from ISIS. What exactly does stabilization efforts look like? How are your departments thinking about stabilizing these areas liberated from ISIS?

Answer

Stabilizing liberated areas is a top priority for the Government of Iraq and the U.S.-led Coalition. It is not enough to militarily defeat ISIS in a city, we must help set the conditions for the safe and voluntary return of displaced families to their homes and support reconciliation efforts to ensure that any defeat is lasting and sustainable.

Coalition partners assist the Government of Iraq's stabilization efforts through the United Nations Development Programme (UNDP)'s Funding Facility for Stabilization (FFS). This mechanism allows donors to work directly with local communities to identify and address the most immediate needs such as running water, electricity, and security in order for Internally Displaced Persons (IDPs) to return home and rebuild their communities.

The UNDP stabilization model is agile and can be used to quickly to assess the needs of liberated areas, identify the requirements for restoring essential services, and generate economic activity. Effective stabilization prepares the field for future political processes.

We regularly assess performance and make adjustments to our approach based on conditions on the ground. We are greatly encouraged by the results achieved through the current UNDP-managed stabilization program, which has helped facilitate the return of over two million Iraqi IDPs since the conflict began in 2014. In July 2017, we announced our intent to provide an additional \$150 million for the FFS program. This brings our commitment to stabilization programming in Iraq to more than \$265 million over the past two years.

Coalition donors and UNDP put a premium on Iraqi ownership, which is essential for sustainable results. The current model is also conducive to Prime Minister Abadi's political reconciliation strategy, which is grounded in the concept of empowering locals in Sunni and minority areas with the resources and authority necessary to manage their own affairs and limiting the role of the central government. UNDP has excellent relationships with local and provincial actors across Iraq, and leverages its assistance to ensure they play a key role in the rehabilitation of their communities.

The Administration's FY 2018 request of \$191.5 million for assistance to Syria will allow us to provide stabilization assistance to newly liberated areas. This level does not include humanitarian needs which are requested in separate accounts. In newly liberated areas, USAID and the Department of State will focus on the provision of humanitarian and demining assistance and the restoration of essential services with the goal of enabling people to return home and preventing the resurgence of ISIS. Recognizing the immense scale of needs in these areas, we are engaged in intensive dialogue with our Coalition partners to encourage them to step up and share the burden of post-liberation stabilization in Syria.

Question

We provide a lot of assistance into Syria through Turkey or Jordan. We are hearing concerns about closing space in Turkey, limiting the ability to provide cross-border assistance into Syria. What can you tell us about this?

Answer

The Department of State and USAID continue to monitor the situation in Turkey and work with our Turkish partners and other partners in the region to ensure the delivery of critical cross border assistance into northern Syria. State and USAID rely on a robust and diverse platform to move assistance into Syria and seek to procure assistance inside Syria when possible.

Question

In the FY2018 request, the budget would eliminate the Economic Support Fund (ESF) and Democracy Assistance (DA) accounts, as well as two other accounts, and replace them with a new Economic Support and Development Fund (ESDF) account. Can you explain the rationale behind this shift, and how the ESDF account is expected to be managed? How will the determination be made in terms of the balance between economic support or development assistance?

Answer

In an effort to streamline accounts and ensure the most effective use of taxpayer dollars, the FY 2018 budget incorporates funding and programs previously requested under the Economic Support Fund (ESF) and Development Assistance (DA) accounts within a new account: the Economic Support and Development Fund (ESDF). The FY 2018 request includes \$4.9 billion for the ESDF account.

This streamlining of accounts does not mean we are eliminating development programs. USAID will continue to do development work supported by this new ESDF account, as well as the Global Health Programs accounts. USAID's programming is aligned with the Administration's foreign policy priorities.

As a core pillar of American leadership and power, global development works in tandem, with defense and diplomacy to advance U.S. national security interests; assert U.S. leadership and influence; foster economic opportunities for the American people; and ensure efficiency, effectiveness and accountability to the U.S. taxpayer.

As part of the FY 2018 budget, USAID and the Department of State will:

- Support assistance programs to help defeat ISIS by promoting stability, addressing the root causes of violent extremism, and responding to humanitarian effects of the crisis in Iraq and Syria.

Question

In previous years, there has been a rather significant backlog of ESF assistance for Egypt, yet the previous administration continued to request additional money. This year's budget request for ESDF represents a significant scale back from previous years, and in fact, is the lowest amount of economic assistance for Egypt since the late 1970s. Is this a result of wanting to clear out the

pipeline, or does this represent a significant policy shift to gradually reduce, and perhaps eliminate, economic assistance to Egypt? What is the exact number left in the Egypt pipeline?

Answer

In recent years USAID has worked to reduce the Economic Support Fund pipeline that grew following the 2013 political upheaval. U.S. economic assistance in Egypt aims to build on a long-standing partnership and works closely with the Egyptian government to implement programs across a number of sectors. As Egypt undertakes critical economic reforms, Economic Support Funds will support private sector-led job creation, workforce development, and better health and education outcomes. In addition, FY 2018 funding will expand support for targeted rule-of-law programs, such as combating gender-based violence.

Question

In certain countries, particularly Yemen, Libya and Egypt, we have no presence or we are seeing a closing of the space to operate, particularly in Egypt with the new NGO law. How do State and USAID plan to use our bilateral assistance to these countries when we are so limited and the space is so restrictive?

Answer

The United States cooperates with countries throughout the Middle East and North Africa in many areas, including economic development and stabilization. We also regularly raise our human rights concerns with many countries in the region and will continue to do so at senior levels. Allowing space for civil society to operate without restrictions will make for a stronger and more prosperous region.

Egypt remains a key partner and U.S. assistance to Egypt underpins our partnership and promotes key U.S. interests in a volatile region. We have seen some progress over the last few months: the release of Aya Hijazy, increased military cooperation, and important wins for U.S. businesses. However, Secretary Tillerson expressed extreme disappointment in response to President Sisi signing the NGO law. From the time parliament proposed this legislation until President Sisi approved it, we clearly and repeatedly communicated our concerns at the highest levels and urged the Government of Egypt to revise it. We have stressed that a strategic relationship must be mutually beneficial and require trust and credibility by both countries.

We are closely monitoring the implementing regulations for this law and are examining the implications for the implementation of U.S. assistance programs. We will continue to press the Egyptians to enable U.S. assistance programs and civil society the necessary freedom to operate.

The FY 2018 \$23 million Economic Support and Development Fund request for Libya, together with the FY 2017 Security Assistance Appropriations Act funding, should enable USAID to meet its assistance objectives in Libya related to stabilization, governance, community resilience, economic growth and political processes. USAID partners continue to operate to meet these objectives across Libya's population centers despite our non-presence Mission status. If the security environment improves, assuming policy concurrence with the Department of State, USAID's mechanisms in Libya are flexible enough to expand in geographic scope, particularly in the East. While USAID notes the potential closing space for civil society in the East, and we continue to monitor practices and policies that impinge upon civil society, overall, we would not determine Libya to be a closing space at present. USAID is a trusted partner at the

municipal level and recently has been gaining traction with national ministries and the legislature. USAID also works actively with civil society groups across Libya.

As a non-presence country, USAID oversees its programs in Libya with a combination of coordination and oversight mechanisms and reports, including detailed written descriptions, photos, videos, tracking of social media and news outlets, and other evidence to verify that USG funding is being used for its intended purpose. In addition to existing implementation safeguards, USAID is currently launching a third-party monitoring and evaluation platform that will enable USAID to carry out objective monitoring activities in country. The platform builds on lessons learned from monitoring approaches developed and implemented in other non-permissive assistance environments, such as Afghanistan, Iraq, and Somalia. USAID and the Department of State work together to determine technical and geographic scope of assistance programs in advance to avoid duplication, while implementers meet in-person and communicate regularly to plan operations and learn best practices for operating in Libya.

While many of USAID's bilateral programs in Yemen were put on hold after the closure of the Embassy in 2014, USAID is able to continue support to several critical activities in Yemen through the United Nations (UN). USAID launched a few pilot early recovery assistance activities last year that are helping prevent the collapse of key social service institutions and helping households cope with the effects of the conflict. These high-impact activities are implemented through UN agencies to provide maternal and child health services, and education and livelihood activities with key Yemeni institutions that will be critical to Yemen's post-conflict recovery. USAID also continues to mobilize a robust humanitarian response to the crisis in Yemen despite the complex and insecure operating environment. Since FY 2016, the U.S. has provided nearly \$795 million in humanitarian assistance to help the Yemeni people. Working through UN agencies that are already actively providing humanitarian assistance on the ground allows us to take advantage of their extensive networks and expertise, minimize risk, and most effectively coordinate with the ongoing humanitarian response. We are also exploring the possibility of increasing and diversifying our assistance to allow us to quickly seize on improvements in the operating environment to implement activities that restore services, enhance economic opportunities, improve local governance, and support any future transition process.

Question

As the U.S. continues Operation Inherent Resolve in Syria and Iraq, the needs of liberated areas are enormous, with many Iraqi areas receiving insufficient assistance to help rebuild war-torn towns and resettle displaced populations. Is the FY18 request for Iraq and Syria sufficient to meet these challenges?

Answer

The FY 2018 request for \$300 million in Economic Support and Development Fund (ESDF) assistance for Iraq and \$150 million in ESDF assistance for Syria, along with additional resources appropriated through the FY 2017 Security Assistance Appropriations Act is sufficient to meet the challenges associated with newly liberated spaces. USAID will leverage and build on current programming in Iraq and Syria. Furthermore, USAID is working with our D-ISIS Coalition partners and others to leverage partner resources and share the cost burden of liberation.