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**Cole Bockenfeld**

June 2014

# The Federal Budget and Appropriations for Fiscal Year 2015

Democracy, Governance, and Human Rights  
in the Middle East & North Africa



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## ABOUT THE PROJECT ON MIDDLE EAST DEMOCRACY (POMED)

The Project on Middle East Democracy is a nonpartisan, nonprofit organization dedicated to examining how genuine democracies can develop in the Middle East and how the U.S. can best support that process. Through research, dialogue, and advocacy, we aim to strengthen the constituency for U.S. policies that peacefully support democratic reform in the Middle East.

## PRODUCED WITH THE SUPPORT OF



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## ABBREVIATIONS

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<b>CBJ</b>	Congressional Budget Justification
<b>DRL</b>	Bureau for Democracy, Human Rights, and Labor, U.S. Department of State
<b>ESF</b>	Economic Support Funds
<b>FMF</b>	Foreign Military Financing
<b>GJD</b>	Governing Justly and Democratically
<b>IMET</b>	International Military Education and Training
<b>MCC</b>	Millennium Challenge Corporation
<b>MENA</b>	Middle East and North Africa
<b>MENA IF</b>	Middle East and North Africa Incentive Fund
<b>MEPI</b>	Middle East Partnership Initiative, U.S. Department of State
<b>MET</b>	Office of Middle East Transitions, U.S. Department of State
<b>NEA</b>	Bureau of Near Eastern Affairs, U.S. Department of State
<b>NEA/AC</b>	Office of Near East Affairs Assistance Coordination, U.S. Department of State
<b>NED</b>	National Endowment for Democracy
<b>NERD</b>	Near East Regional Democracy
<b>OCO</b>	Overseas Contingency Operations
<b>OTI</b>	Office of Transition Initiatives, USAID
<b>USAID</b>	United States Agency for International Development

## EXECUTIVE SUMMARY

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More than three years have now passed since the Arab world was shaken by popular uprisings that brought a swift end to the rule of four of the region's longstanding dictators and brought hope that accountable, democratic governments could replace corrupt, repressive regimes across the region. 2011 represented a remarkable moment of hope among supporters of democracy in the Middle East and North Africa—not only hope for political change and progress toward genuine democracy on the ground, but also hope that the dramatic events in the region would spur long-overdue fundamental changes in U.S. policy toward this critical region.

Many advocates of democracy believed long before the 2011 uprisings that U.S. engagement with the region was fundamentally flawed in its reliance on nondemocratic governments across the region. Unconditional support for corrupt governments that maintained stability through repression of their citizens generated strong animosity toward the United States, which became seen in the region as the primary external backer of repressive Middle Eastern governments.

In 2011, those who held these views believed that they had been clearly and indisputably proven right. Successive U.S. administrations had—occasional public rhetoric to the contrary notwithstanding—ignored entreaties to focus more on supporting sustainable political and economic reform in the region, but there was a belief in 2011 that these issues could be ignored no longer. Although supporters of democracy had previously failed to convince the U.S. government of the need to change course in the region, there was a belief that the remarkable changes brought by brave citizens of the region standing up to their governments would now force U.S. policy to change despite its reluctance to do so.

Sadly, three years later, those fundamental lessons appear unlearned. There are steadily growing perceptions that the dramatic political changes that erupted in 2011 have had little or no effect on the fundamental approach of the U.S. government to the region, and no significant increase in support for democratic principles has resulted. Unfortunately, an examination of the U.S. federal budget request for Fiscal Year 2015 strongly confirms these perceptions. From examining the trajectory of U.S. assistance to the Middle East and North Africa over the past several years, there is little evidence to suggest that support for democracy, governance, and human rights is now any higher of a priority for the U.S. government than it had been before the uprisings of 2011.

### KEY FINDINGS:

- **The administration has largely failed to adapt U.S. assistance or policy toward the Middle East and North Africa in response to the dramatic political changes in the region over the past few years.** In general, it is remarkable how little the structure and objectives of U.S. assistance to the region have changed since before the 2011 uprisings. The percentage of U.S. assistance devoted to supporting military and security forces has actually increased since 2010 while the percentage devoted to programming dedicated to democracy and governance has decreased, despite frequent rhetoric from the administration and Congress in 2011 suggesting that the opposite would take place.

- **Requests for the Middle East and North Africa Incentive Fund (MENA IF) have been abandoned by the administration and replaced by a new, much smaller MENA Initiative Fund that emphasizes traditional economic development assistance programs rather than political and economic reform.** The MENA IF was initially proposed in 2012 as the administration's signature \$770 million response to the dramatic uprisings and political changes in the region. After failing to attain any funding for the initiative for two years, the administration has given up and shifted toward a new fund that would more closely resemble traditional development programs.
  
- **The establishment of the Near East Affairs Office of Assistance Coordination (NEA/AC) and especially the integration of the Middle East Partnership Initiative (MEPI) into this office has been met with confusion and suspicion in the democracy community as well as in other parts of the U.S. government.** This move is seen as consolidating the trend over the past few years that MEPI has steadily become less distinct from the rest of the NEA bureau and has lost its identity as a distinctly pro-reform supporter of independent civil society. It is also widely viewed as strange that an office coordinating assistance among numerous offices that distribute aid would also house one of those particular offices.
  
- **The U.S. assistance package for Tunisia remains quite small, despite official rhetoric describing the country as "a top priority."** In Fiscal Year 2010, prior to its revolution that ousted Ben Ali, Tunisia was the ninth largest recipient of bilateral U.S. assistance in the region. In the administration's current request, Tunisia remains the ninth largest recipient in the region. While the administration has marshalled resources from global and multi-country accounts to support Tunisia's transition, it has failed to adapt the aid package to a more sustainable approach that demonstrates a longer-term commitment.
  
- **The administration has demonstrated no coherent policy toward Egypt, neither regarding the aid package specifically nor more broadly.** The U.S. government has struggled desperately to adapt to changing realities in Egypt and has by default attempted to maintain the status quo. There are finally some signs of slowly growing support both inside the administration and within Congress for considering some structural changes to the Egypt aid account, but actual implementation of such changes will be difficult and will require political will that until now has been lacking.
  
- **U.S. support for Yemen, and in particular for democracy and governance programming in Yemen, has increased considerably.** U.S. funding to support democracy, governance, and human rights in Yemen has consistently grown, increasing tenfold since 2009. Many politically engaged Yemeni activists do now view the success of Yemen's national dialogue and its political transition as top priorities for the United States. Perceptions of the United States across Yemen, however, continue to be undermined by extremely unpopular counterterrorism operations including drone strikes. Furthermore, many democracy advocates involved in the political transition process believe that the U.S. is genuinely trying to play an important supportive role, even if they may have specific criticisms of U.S. policy and tactics.



## INTRODUCTION

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In December 2010 and January 2011, Tunisians took to the streets in historic protests that quickly spread across the Arab world, bringing the promise that accountable, democratic governments could replace the aging authoritarian regimes. If the lesson of 2011 was that corrupt, stagnant authoritarian regimes in place across the region could not maintain stability indefinitely through repression, the lesson of the three years that have unfolded since may be just how difficult the transition to democracy can be after the popular overthrow of a dictator. Of course, this is a lesson that has been learned many times around the world in so many countries, but never before 2011 in the Arab world. Three years later, Tunisians are once again leading the way in the region, having made historic progress in consolidating their democratic transition especially in the past six months. But even in Tunisia, the difficulties have been enormous and the challenges that remain are daunting.

Another key lesson of the past three years is the importance of external and international support to the success of post-revolution political transitions. The reality is that the transitions that have followed the Arab uprisings have received minimal international support when compared with transitions in other regions, for at least two main reasons. First, the Arab uprisings erupted against the backdrop of a global economic recession that left many Western democracies facing their own economic and budget crises and unable to provide large-scale support as they had for previous democratic transitions. Secondly, those same Western democracies, especially the United States, have long maintained extremely close relationships with authoritarian governments that cooperated with the West on core strategic interests including maintaining the free flow of energy resources from the region. These factors

have resulted in rather minimal support—both financially and politically—for the transitions currently underway and for democratic change in the region more broadly.

That being said, it is certainly not the case that Western countries including the United States have not been involved or engaged in the Middle East and North Africa during this period, but there are real questions as to the goals and the impact of that engagement. This region has long been the largest recipient of U.S. foreign aid, and it has remained so, receiving more than \$7 billion in U.S. assistance annually. What are the goals and objectives of U.S. foreign assistance? And what is its impact on the prospects for genuine democracy in the region?

This report aims to address those questions through an examination of the federal budget and appropriations for the Middle East and North Africa. It aims to analyze and assess the U.S. administration's budget request for Fiscal Year 2015 in terms of spending and foreign assistance, as well as to draw conclusions regarding broader priorities and thinking in terms of U.S. policy in the MENA region. To that end, this report includes an overview of relevant aspects of the U.S. administration's budget request for Fiscal Year 2015. While budget numbers and funding levels are revealing, it is at least as important to consider the types of programming supported and any changes in programming that may reveal the thinking and priorities of U.S. officials. For that reason, an examination of available budget documents is complemented by substantive discussions with a wide spectrum of relevant actors: current and former administration officials, congressional staff, independent experts and analysts, democracy promotion practitioners, and Middle Eastern civil society activists and democracy advocates.

## THE BIG PICTURE: FOREIGN ASSISTANCE FOR THE MIDDLE EAST AND NORTH AFRICA

In 2011, as dramatic popular uprisings swept the region, there were numerous statements from the U.S. administration and Congress about the need to considerably adapt U.S. policy, engagement, and assistance to the region in light of the historic changes underway. Three years later, it is remarkable how little has changed during that period.

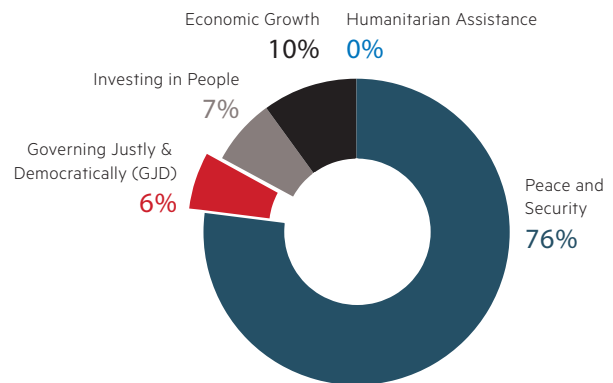
In 2010, the year before the Arab Spring uprisings, the United States provided \$6.7 billion in foreign assistance to the Middle East and North Africa, with 73 percent of that amount allocated for military and security assistance and 7.4 percent for democracy and governance programming. The administration's current budget request for 2015 would provide \$7.0 billion in assistance to the region, with 76 percent of that amount designated for military and security assistance and 5.8 percent for democracy and governance.

Moreover, in 2010, the six countries that were the largest recipients of U.S. assistance in the region were, in order: Israel, Egypt, Jordan, the West Bank and Gaza, Iraq, and Lebanon. In the current budget, those six remain the largest recipients of bilateral U.S. assistance, in that same order. In 2010, Yemen, Tunisia, and Libya were respectively the seventh, ninth, and thirteenth largest recipients of U.S. assistance in the region. In the administration's latest budget request, these three—which have been undergoing important and challenging transitions and were identified by the administration as urgent priorities in the region—rank eighth, ninth, and thirteenth.

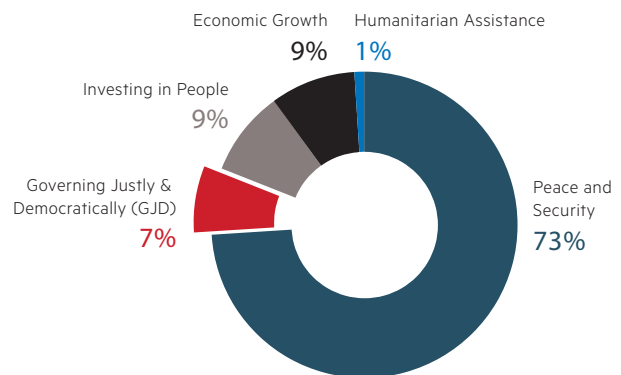
The administration has often noted that it has mobilized \$3.6 billion in additional funds since 2011 to support countries directly affected by the Arab Spring uprisings, usually referring to Tunisia, Libya, Yemen, and Syria. On one hand, the administration deserves some credit for pulling together these resources in a difficult, constrained budget environment. On the other hand, this total is less than the amount allocated to either the Government of Jordan or the Egyptian military during the same period.

In terms of funding designated to support democracy and governance programming in the region, the current budget requests \$406.8 million. This is an increase of 38 percent, or \$111.9 million over our estimate for the amount being spent on such programs in FY14. The majority of this increase can be explained by the \$84 million requested for GJD programming in Syria, for which no such funds are currently estimated for FY14. Comparing once again to FY10, the current level of GJD funding is 18 percent less than the \$495.1 million spent on GJD programming in FY10. Within that heading, the amount requested to support civil society in FY15 is \$122.1 million, which also represents a significant cut—35.1 percent—from the FY10 levels.

FY15 REQUEST BY OBJECTIVE, MENA



FY10 ACTUAL BY OBJECTIVE, MENA



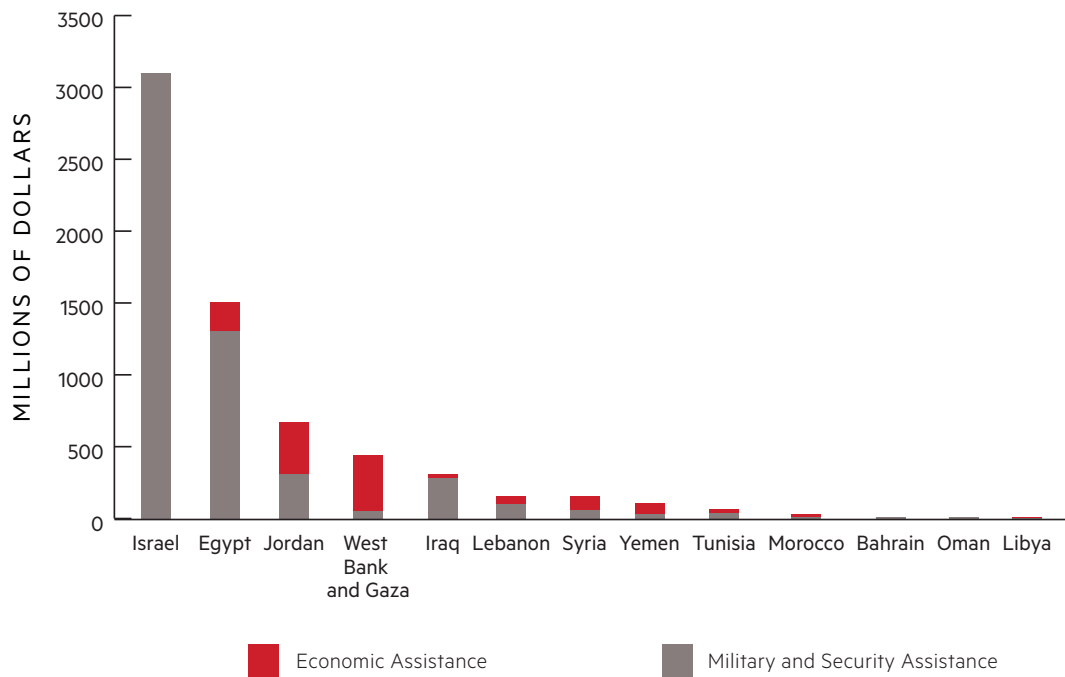
Decreased U.S. government support for civil society extends beyond simply the lower levels of funding as compared with those of 2010. In general, the administration has become less willing to fund independent organizations that it fears may antagonize host governments. Since 2011, numerous Arab governments, including those in Egypt and the United Arab Emirates, have more openly cracked down on civil society through intimidation, violence, raids of offices, and the use of legal charges and prosecution against civil society leaders and activists. Unfortunately, the administration has failed to take a firm stand on the rights of both local and international civil society organizations to operate freely.

In the FY15 budget request, the administration quietly pushes for a change to U.S. law that has been in place for a decade, asserting the right of the United States to fund and support independent NGOs without giving veto power over this right to the host government. Since FY09, the annual appropriations act has each year included language asserting that “with respect to the provision of assistance for democracy, human rights, and governance activities, the organizations implementing such assistance and the specific nature of that assistance shall not be subject to the prior approval of the government of any foreign country.” This language was the global expansion of an amendment introduced by Sen. Sam Brownback (R-KS) that focused on Egypt and was passed by Congress in December 2004.

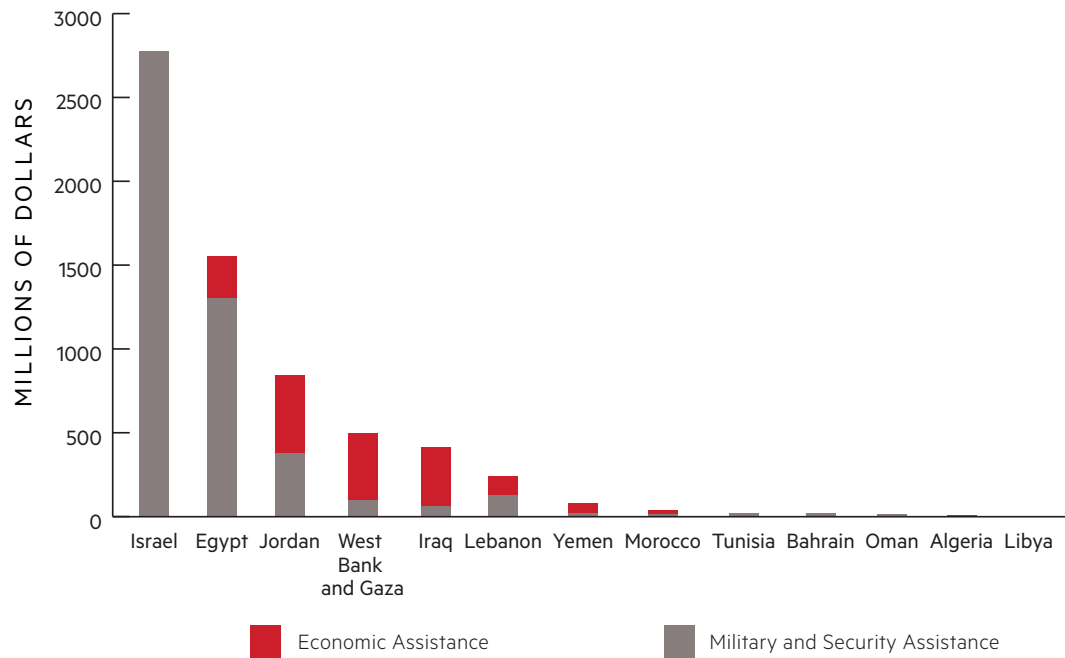
Alarming, the current federal budget request proposes (in an appendix) the complete removal of this language altogether from U.S. law. Rather than pushing openly for an amendment to be passed to alter existing law, an appendix containing proposed legislative language for the FY15 appropriations act simply removes this language.

Another important human rights provision that is omitted in the same appendix is a section on “Anti-Kleptocracy and Human Rights,” which includes language such that “officials of foreign governments and their immediate family members who the Secretary of State has credible information have been involved in significant corruption, including corruption related to the extraction of natural resources, or a gross violation of human rights shall be ineligible for entry into the United States.” The fact that the administration is quietly seeking to weaken or remove human rights provisions of U.S. law is cause for concern, and it only confirms widespread suspicion that the administration has essentially lost interest in fighting to protect such rights. This comes at a time when many within Congress are pushing to strengthen U.S. law on sanctions targeted individuals guilty of gross human rights abuses, including through the recent introduction of the Global Human Rights and Accountability Act, introduced by Sen. Cardin (D-MD) and Sen. McCain (R-AZ).

FY15 REQUEST FOR BILATERAL MILITARY AND ECONOMIC ASSISTANCE



FY10 ACTUAL BILATERAL SPENDING FOR MILITARY AND ECONOMIC ASSISTANCE



## MAJOR INITIATIVES: MULTI-COUNTRY ACCOUNTS AND PROGRAMS

### I. MIDDLE EAST PARTNERSHIP INITIATIVE AND THE OFFICE OF NEA ASSISTANCE COORDINATION

Within only several years of its establishment in the State Department in 2003, the Middle East Partnership Initiative (MEPI) became a leading tool of the U.S. government to support independent civil society organizations across the region. But as was noted in last year's report, changes at MEPI and broader reorganization within the State Department had begun to damage MEPI's reputation as a strong pro-reform voice within the State Department's Bureau of Near Eastern Affairs and as an agile, politically independent supporter of civil society. Unfortunately, those trends appear to have continued over the past year.

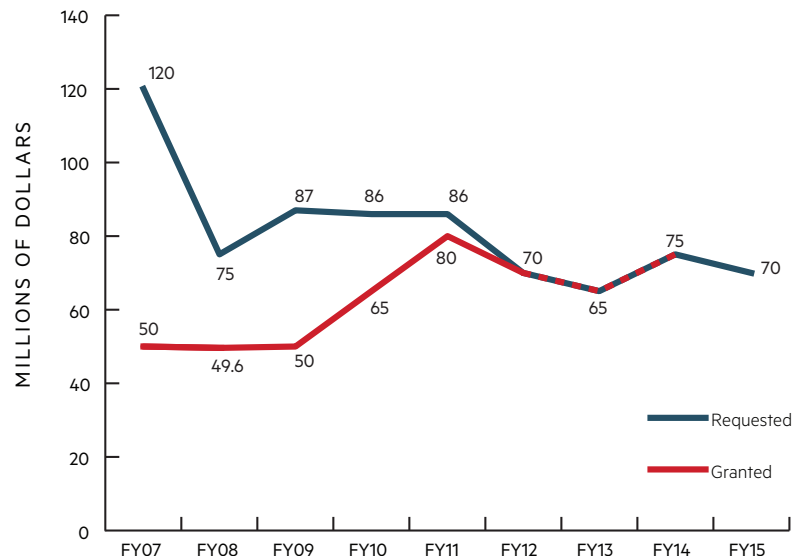
The administration's budget for FY15 requests \$70 million for MEPI, a \$5 million decrease from the existing FY14 level. This year's request aims especially to prioritize support for advocacy efforts by civil society, professional associations, and trade unions. Up to \$12 million of the allocation will be designated for MEPI's Local Grants Program and exchange programs such as MEPI's Student Leaders and the Leaders for Democracy Fellowship.

With the dramatic increase in the number of donors and implementers that became active in the wake of the democratic revolutions in 2011, calls for coordination within the State Department's Bureau of Near Eastern Affairs (NEA) led to the creation of the Office of the Special Coordinator for Middle East Transitions (MET), led by Ambassador Bill Taylor. This office focused exclusively on coordinating assistance to Tunisia, Egypt, and Libya

among the numerous offices and agencies that were playing a role in those transitions. It also monitored developments in other countries viewed as likely to be added to its portfolio, such as Yemen and Syria. In general, the MET office appears to have played a constructive role in coordinating assistance during a difficult period, although many supporters of democracy were often disappointed that the office was not more focused on the democratic nature of these three transitions.

When Ambassador Anne Patterson assumed the role of NEA Assistant Secretary, the bureau sought to increase oversight over the various assistance projects in the region and more clearly link them to policy. In many ways, the Office of NEA Assistance Coordination (NEA/AC) and the preceding MET office were both modeled after the Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE), which was established in the early 1990s and now oversees the bilateral economic, security, democracy, and humanitarian assistance of all U.S. Government agencies providing assistance to 18 states of the former Soviet Union and Eastern Europe.<sup>1</sup>

MEPI FUNDS, REQUESTED VS. GRANTED, FY07-FY15



<sup>1</sup> "U.S. Assistance to Europe and Eurasia." U.S. Department of State.

Last year's report raised concerns about the then-nascent integration within NEA of MEPI with the MET, which was headed by Elizabeth Richard as a director rather than a deputy assistant secretary. Since that report, this process has continued, to the degree that some MEPI staff are no longer distinct from NEA/AC. Richard reports to Principal Deputy Assistant Secretary Gerald Feierstein (who until recently served as the U.S. Ambassador to Yemen). Feierstein, Richard, and other senior leadership in the office are career diplomats with lengthy experience within the NEA bureau and comparatively little interest or career experience in democracy and governance work. This is a marked departure from the previous practice of MEPI being headed by a political appointee with a background in democracy promotion and/or development assistance, which had been the case since its inception in 2003. Advocates of democracy fear that only political appointees have the independence needed to fight effectively for policies and programming to support genuine democratic reform, as opposed to diplomats who have spent their career within the NEA bureau, which has for decades prioritized the short-term maintenance of bilateral government-to-government relationships over the longer-term goals of supporting democratic reform.

MEPI was also deliberately established to be free in its programming from concerns about maintaining such bilateral relationships with non-democratic regimes, which was meant to be a comparative advantage in supporting independent civil society over USAID, whose missions often rely on close relationships with host governments to carry out its traditional development assistance projects. Many outside of government perceive MEPI to have become less bold and less willing to take risks in recent years, and they fear that this restructuring is only likely to accelerate those changes.

The integration of MEPI into the NEA/AC office also means that some staff responsible for coordinating assistance in the region are also tasked with implementing such assistance; this conflation of roles has raised eyebrows both inside and outside of the U.S. government.

Some have questioned whether MEPI might receive preferential treatment by the NEA/AC office in programming and whether it is possible for the NEA/AC office to be an "honest broker" among various donor mechanisms. Others contend that MEPI's independent allocation of funding through Congress and its niche role in programming in the region will allow it to preserve its independence and traditional areas of support such as direct grants to civil society.

There is widespread confusion in the democracy promotion community over the office's structure, as well as how the role of MEPI will be affected by its full absorption into the coordination office. The office has been operating for several months, and many in the democracy promotion community have not been initially pleased with the move. Numerous democracy promotion implementing organizations have criticized recent rounds of MEPI proposals as being disconnected from any discernible strategy and lacking the kind of creativity that had historically been a comparative advantage of MEPI among U.S. government donors. There are also widespread complaints that there has been little or no deliberate outreach to the democracy promotion community since this restructuring began. With diminished channels of regular contact or consultation between donors and implementers, solicitations and proposals are sent without a reasonable sense of donor expectations or priorities, leading to confusion and an inefficient use of resources by both sides.

Last year's edition of this report also raised concerns over MEPI's increasing unwillingness to support organizations that have not been granted official registration as NGOs by their host government; denial of registration is a common tactic by Arab governments to control which organizations can receive U.S. funding. That report noted that this tactic is used to "undermine language in U.S. law asserting that the organizations implementing democracy, human rights, and governance programming 'shall not be subject to the prior approval by the government of any foreign country.'" Nothing since that time suggests that this trend has changed. Along with the administration more

broadly, MEPI has become more risk averse and less willing to support work that may antagonize nondemocratic governments in the region. This is especially noticeable in the six states of the Gulf Cooperation Council (GCC). Because of the oil and gas resources present, none of these countries have USAID missions, and MEPI had long played a leading role in supporting reform, women's rights, and civil society in these monarchies. As the governments in the Gulf have led a region-wide crackdown on independent, reform-minded civil society, MEPI has responded by sharply cutting its support for such programming, with the notable exception of \$3 million in new programming for Bahrain.

Some administration officials have argued that the MEPI team was forced to start "self-censoring" the nature of its programming after its funding proposals were internally vetoed by the NEA Assistance Coordination Office's predecessor, the MET office. After the absorption of MEPI into this new office, many argue that the decline of MEPI's independence is "self-destruction by design" to quietly reduce MEPI's role altogether.

In addition to the many concerns regarding the impact of this merger on MEPI's regional programming, these changes are also viewed negatively by democracy advocates in terms of MEPI's role on the policy side as well. MEPI was established not only to carry out programming and support independent civil society, but also to play a role as a consistently pro-reform voice within NEA on policy. Frankly, MEPI never had the degree of success on the policy side as it had in programming, and recent changes are widely viewed as the end of MEPI's role in this regard. Some in the administration disagree and argue that the restructuring may allow MEPI's leadership to play a more prominent role in policy discussions, and that, because MEPI is now primarily run by career diplomats, its views are likely to be considered more closely within the bureau. While that may be the case, most democracy advocates fear that its views may no longer be distinguishable from those of the NEA bureau at large.

To be clear, despite these many criticisms, MEPI does continue to play a valuable role in supporting civil society in the region, and it certainly supports many valuable projects and organizations. This is particularly true in Tunisia and Libya, where MEPI has supported many impressive NGOs, the vast majority of which are newly established since the overthrow of old regimes in 2011 and thus lack capacity and experience. In addition, MEPI's exchange programs give important opportunities for rising leaders in Arab societies to learn from each other and from organizations and educational institutions in the United States. But while MEPI remains an important tool for carrying out worthwhile programs, it is losing its identity as an independent, agile, risk-taking, innovative backer of civil society.

For all of these reasons, MEPI's popularity within Congress has also been declining steadily over the past several years. Frustration among legislators with MEPI resulted in passive acceptance of the absorption into the NEA/AC office. Based on some initial impressions, it appears that the move may only lead to further frustration on Capitol Hill.

When the popular uprisings erupted and began to sweep the region in 2011, many expected that the clear demand for democratic change by Arab populations and the resulting downfall of several authoritarian regimes would naturally elevate the importance of MEPI, which had been set up as a leading tool of the State Department for supporting reform and democracy across the region. The expectation in 2011 was that MEPI's role would be expanded and strengthened as support for reform and democracy became higher priorities with the State Department and the administration more broadly. That the opposite has happened is representative of larger trends, namely that democracy and political reform have simply not been elevated as U.S. government priorities post-2011.

## II. MIDDLE EAST AND NORTH AFRICA INITIATIVE

Since 2011, the State Department and USAID have provided more than \$3.6 billion in response

to uprisings in the Arab world. These funds have supported broad engagement—humanitarian support, economic stabilization, security sector reform, and political reform—including in Egypt, Jordan, Libya, Syria, Tunisia, and Yemen. The State Department and USAID have made a number of trade-offs in order to provide this support, and have consistently requested a flexible fund for the region since 2011.

The FY15 request also includes \$225 million in ESF and \$20 million in the International Narcotics and Law Enforcement (INCLE) account for a “MENA Initiative.” This year’s request notes, “We believe it is important to help strengthen the regional architecture and the direct ties between governments and citizens throughout the region. Such activities would be difficult to fund out of bilateral budgets.” It further warns, “Without the MENA Initiative funding in the request, emerging needs and new transitions will further squeeze existing programs that remain a priority, and negatively affect the U.S. government’s ability to respond to emergent needs in other regions.”

The purpose of these funds includes advancing transitions under way across the region and a “focus on jobs, democratic governance, rule of law, and human rights” programs. In addition, the request notes that “key program areas may include: private sector financing and technical assistance, water, science and technology exchange, education, trade, and transitional justice. Funding will also support programs that promote minority and women’s rights and support vulnerable populations.”

The State Department and USAID would initiate program design and oversight planning of the \$225 million request in the specific areas outlined below:

- MENA Investment Initiative (\$50 million): to support broad-based economic growth and share opportunity, particularly for youth and women
- MENA Water Security Initiative (\$50 million): to combine entrepreneurship and new technology to improve long-term,

sustainable access to water for 20 million people in the region

- Regional Economic Reforms (\$70 million): to bolster the regional economic architecture and strengthen economic ties between nations
- Governance, Civil Society, and Openness (\$40 million): to bridge gaps between citizens and their governments, improve access to information, and improve governance
- Human Rights and Rule of Law (\$15 million): to improve security sector responsiveness and help security sector institutions respond to grievances more effectively

As in past years, however, Congress remains highly skeptical of the administration’s requests for flexible spending account for the Middle East and North Africa. For two years in a row, Congress refused to fund a request for the Middle East and North Africa Incentive Fund (MENA-IF), at \$770 million and \$580 million respectively. Initial responses to this year’s MENA Initiative Reforms fund indicate a similar distrust. In an April 2014 hearing, Chair of the House Subcommittee on the Middle East and North Africa Rep. Ileana Ros-Lehtinen (R-FL) said:

“This [MENA-IF] account, in essence, was more like a slush fund for the administration to allocate and distribute hundreds of millions of dollars in assistance without having to justify to, or get authority from, Congress. And though the name has changed, the idea has resurfaced again in this year’s budget request under the name of ‘Middle East and North Africa Initiative.’ I continue to object to the authorization of this initiative and question whether the shift to regional accounts is the best approach. Many traditional bilateral accounts have decreased, and it may signal to our allies that the United States is not committed to the Middle East and North Africa region. In addition, with so many regional accounts



already in place, there's a great risk of duplicity and overlapping of U.S. taxpayer dollars."<sup>2</sup>

In response to criticisms of the MENA-IF as an open-ended "slush fund" in previous years, the parameters and criteria for this \$225 million account have been clarified to some extent by providing a breakdown of the five categories listed above. In contrast to last year's approach with the MENA-IF, there will not be a process of host government solicitation for such funding, but rather the NEA/AC will be in charge of administering the account and identifying the best mechanism through which to implement programming in the region. Rather than serving as either a pool of money to draw from for rapid responses to unanticipated changes in the region, or providing the seed money to incentive reform among host governments, the MENA Initiative Reform account is targeted at addressing long-term drivers of unrest in the region. These include ongoing concerns about unemployment (the \$70 million investment initiative), abuses of security services (\$15 million for human rights and the rule of law), and even longer-term concerns of scarcity of water resources (\$50 million).

Officials argue that a regional fund is necessary because many of these issues are transnational in nature, and funding such initiatives through bilateral accounts is too dependent on host government cooperation for implementation. Adding funding to existing multilateral mechanisms, such as DRL or MEPI, works against the goals of the NEA/AC in terms of coordinating assistance priorities and then identifying the appropriate mechanism/implementer.

In many ways, programs focusing on investment, water, and regional economic ties are very worthwhile efforts in the region, but are at best loosely connected to genuine reform in the region. Some democracy advocates see the emergence of this new fund to replace the MENA-IF as further evidence of the administration's diminished interest in supporting reform in the region. Finally, after having previously denied funding to the MENA-

IF, many in Congress suggest that the State Department and USAID do have the flexibility in reprogramming existing financial resources to make a separate flexible fund unnecessary.

### III. BUREAU OF DEMOCRACY, HUMAN RIGHTS, AND LABOR AT THE DEPARTMENT OF STATE

The Bureau of Democracy, Human Rights, and Labor (DRL) is the State Department's functional bureau designated with supporting democracy and human rights worldwide. Perhaps best known for producing the Department's annual Country Reports on Human Rights Practices, DRL also administers programming to the region. DRL has long focused its assistance to actors in the most closed countries in the region, distinguishing itself from USAID programming that often requires host government cooperation.

DRL's Assistant Secretary and senior staff also contribute to U.S. diplomatic engagement with priority countries. But due to political maneuvering in the Senate in 2013, confirmation of administration nominees have slowed to a trickle over the past year. The confirmation vote for Tom Malinowski to assume leadership of the bureau took more than 250 days after his nomination before the White House, State Department, and Senate leadership agree to proceed with his confirmation vote in April 2014. This prolonged vacancy limited the ability of DRL to impact policy debates within the State Department, although its programming continued during this time.

The FY15 request of \$60 million will aim to "address human rights abuses globally, wherever fundamental rights are threatened; open political space in struggling or nascent democracies and authoritarian regimes; support civil society activists worldwide; and protect populations that are at risk." This represents nearly a 15 percent reduction from FY14 estimated levels.

The bureau's programmatic strategy primarily is to work with local civil society, including independent media. The FY 2015 request includes \$15 million for DRL's Global Internet Freedom (GIF) programs, \$3 million for

<sup>2</sup> "Subcommittee Hearing: The Administration's FY 2015 MENA Budget Request: Priorities, Objectives and Challenges." House Committee on Foreign Affairs, April 29, 2014.

interfaith cooperation activities, and \$3 million to promote labor rights.

DRL priorities for FY15 include sector security reform in Libya, though the security environment has limited the ability of international NGOs to work in the country. In Tunisia, the bureau will focus on supporting the National Dialogue process. As USAID programming in Iraq concludes, DRL will take the lead in maintaining remaining democracy assistance to the country, though it will need to expand its staff on the ground to fill the void left by USAID personnel departing.

Another priority of DRL has been programming Rapid Response Funds, which provide quick financial and technical support to human rights defenders, civil society organizations (CSOs), and individuals who are severely persecuted for their religious beliefs, sexual orientation, or gender/gender identity. These programs are organized into three categories: funds for individuals and CSOs, funds for discrete advocacy initiatives by CSOs, and technical assistance for lawyers defending human rights.

In the most repressive environments, including countries where the U.S. has no diplomatic presence, DRL supports human rights activists through the Human Rights and Democracy Fund (HRDF). Acting Assistant Secretary Uzra Zeya testified in February 2014:

“Since its creation fifteen years ago, the Fund has grown from a mere \$8 million in FY1998 to \$70.5 million in FY2014. Together with ESF transfers, this past year we managed nearly 350 grants totaling over \$500 million that benefit civil society and activists around the world in their struggle to live in freedom and with dignity...Thanks to the effectiveness of our programs, I am pleased to note that 30 other governments and private sector donors are helping to fund some of our signature human rights initiatives, from aiding embattled NGOs on the frontlines to countering cyber-attacks on activists and assisting vulnerable populations.”<sup>3</sup>

Another priority of DRL has been its support to the “Lifeline: Embattled Civil Society Organizations Assistance Fund.” In response to the increasing threat to and steady decrease of space for civil society organizations globally, DRL “offer[s] emergency grants to civil society organizations advancing human rights, including the rights of religious and ethnic minorities, women, and people with disabilities. Sixteen other governments and two foundations have since joined this unique global effort that has so far assisted 299 civil society organizations in more than 74 countries.”<sup>4</sup>

#### IV. NEAR EAST REGIONAL DEMOCRACY PROGRAM

The Near East Regional Democracy (NERD) program was established in March 2009 to support democracy and human rights in the region, primarily in Iran. To be sure, it is not possible to conduct democracy and governance programming inside Iran as is done in most other countries. Therefore, the NERD program focuses primarily on activities that do not require an in-country presence, including support for media, technology, and Internet freedom, as well as conferences and trainings for Iranian activists that may take place outside Iran.

The establishment of the NERD program was widely viewed as a recognition by the Obama administration of the need to support democratic reform in Iran, while at the same time reacting to criticisms of the Bush administration’s approach. Funding under the NERD heading is not legally required to be spent within Iran or any other specific country, which in theory gives the administration greater flexibility in programming the funds.

Nonetheless, a number of members of Congress feel very strongly that the NERD program’s entire budget be committed to supporting democracy in Iran. When the Arab uprisings erupted in early 2011 amid Congressional efforts to cut international affairs funding globally for FY11, some observers suggested that the NERD program might be a source of funds to support democracy in Arab countries

<sup>3</sup> “Testimony of Acting Assistant Secretary Uzra Zeya.” State, Foreign Operations, and Related Programs Subcommittee of the House Appropriations, February 26, 2014.

<sup>4</sup> Ibid.

such as Tunisia, Libya, or Syria. But as it became clear that shifting any funds from the NERD program to countries other than Iran would likely spark a significant backlash from Congress, the idea was quickly abandoned.

The level of funding for the NERD program has modestly decreased, from \$40 million in FY10 to \$35 million in FY11 and FY12. The administration requested \$30 million for FY13 and spent slightly more than that (\$30.8 million). For FY14, the request for NERD was again \$30 million and the administration's current estimate is that \$32 million is being spent.

The FY15 request again includes \$30 million under the NERD heading. The budget outlines a number of activities to be supported by this program, including up to \$3 million for the provision of online information about "domestic and international election issues, including uncensored information about political competition and representational government, in an effort to increase civic participation." Another \$3 million is designated for projects to "enhance knowledge of citizens ... on the practical application of new laws, or draft laws, that impact legal rights of citizens, civil society, and lawyers." In general, the FY15 request for NERD is slightly more focused on civic education and encouraging civic participation than in previous years, while somewhat less focused on providing access to technology to ensure free communication, which was a strong emphasis of funding for FY13 and FY14.

## V. NATIONAL ENDOWMENT FOR DEMOCRACY

The National Endowment for Democracy (NED) is a nongovernmental institution that was originally created by Congress in 1983 to strengthen democratic institutions around the world. Although the NED is not part of the U.S. government, it receives nearly all of its funding in an annual congressional appropriation. The NED has generally enjoyed consistent bipartisan support from both Congress and the administration, and it is perhaps the only

international affairs institution that is routinely granted funds by Congress in excess of the level are requested in the administration's budget, even in a tight budget climate.

Despite this support from Congress, the NED did experience cuts to its overall budget and to its Middle East programming in FY13, largely as a result of across-the-board cuts due to the federal budget sequester. The NED ultimately received \$111.8 million in funding for FY13, down from the \$118 million it received in FY11 and FY12.

For FY14, the NED received a considerable budget increase up to \$135 million. This represents a 30 percent increase over the administration's FY14 budget request and a 21 percent increase over the final level allocated for FY13. This also marked the seventh consecutive year that the Congress has granted funds to the NED in excess of the level requested by the administration. For FY15, the administration has again requested \$103.5 million, yet it seems very likely that Congress will continue its trend of granting funds in excess of this amount.

Within the MENA region, supporting civil society in the four countries currently undergoing political transitions – Tunisia, Egypt, Libya, and Yemen – will remain a top priority for the NED, as will support to similar groups in Syria, Iraq, and the GCC states, particularly Bahrain. NED support for independent civil society has become especially important in the region as U.S. government agencies have continued to become ever more reluctant to support independent organizations that may antagonize the host government.

## A CLOSER LOOK: BILATERAL ASSISTANCE BY COUNTRY

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The majority of funding for democracy and governance programming in the region is provided through bilateral assistance administered by USAID - approximately \$400 million for GJD annually (as compared with, for example, MEPI's full annual budget of \$70 million). Seven countries in the Middle East host USAID missions and significant programs: Egypt, Iraq, Jordan, Lebanon, Morocco, West Bank and Gaza, and Yemen. Despite some discussion of opening a permanent USAID office in Tunisia and Libya to administer large-scale assistance packages since 2011, the administration has not made a decision to do so in either country. Bilateral assistance to these nine countries is discussed in detail in the sections below, along with two other countries: Syria and Bahrain. Syria has not traditionally been a recipient of bilateral assistance, though the administration has requested \$155 million for a bilateral package to Syria for the coming fiscal year. Bahrain receives only a modest level of bilateral security assistance, but is included here because that assistance and sales of arms and weaponry to Bahrain have been a focus of Congress since 2011.

### I. BAHRAIN

Since protests erupted in Bahrain more than three years ago, the Government of Bahrain has consistently failed to act on its commitment to implement much-needed reforms, including those identified by the Bahrain Independent Commission of Inquiry (BICI) in November 2011 and the United Nations' Universal Periodic Review in September 2012. After the complete collapse of talks in late 2013, the Crown Prince announced a new dialogue with the opposition based on directives from the King. However, initial optimism for new momentum in political negotiations has faded after five months of no visible progress.

As the political track falls into a stalemate, the country is becoming increasingly unstable. Arbitrary detentions, allegations of torture, and

severe restrictions on freedom of association and expression have continued unabated. In February 2014, the King of Bahrain ratified a law imposing a jail sentence of up to seven years and a fine of up to \$26,500 for anyone who publicly insults the Monarch, flag, or national emblem of the Kingdom.<sup>1</sup>

Protests continue to occur almost daily, with real potential to escalate and significantly undermine stability. The past year has seen an increase in bombings that have resulted in the deaths of several policemen in Bahrain. A group known as the Ashtar Brigades has claimed responsibility, leading the Bahrain government to designate it as a terrorist organization, along with the February 14th Youth Coalition and the Resistance Brigades. In December 2013, Bahraini authorities announced they had foiled an attempt to smuggle explosives and arms, some made in Iran and Syria, into the country by boat.<sup>2</sup>

In response to increasing levels of violence in the country, the U.S. Embassy has designated increasing swaths of the country as restricted areas, while demonstration notices warn of "spontaneous and, at times, violent anti-government of Bahrain protests."<sup>3</sup> At the same time, the U.S. Navy is planning to cut imminent danger pay for those stationed in Bahrain, despite the amount of security that is required to protect the base.<sup>4</sup>

Rep. Hank Johnson (D-GA) introduced an amendment to the FY15 National Defense and Authorization Act (NDAA) in May 2014 calling for a threat assessment and contingency plan for U.S. personnel in the country.<sup>5</sup> Johnson argued:

"Absent the implementation of meaningful reforms by the Government of Bahrain and confidence building measures from both sides, the security situation in Bahrain is unlikely to improve. Indeed, instability, distrust and violence are only likely to grow without significant governance and security

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1 "HM King Hamad ratifies four laws approved by Parliament." Bahrain News Agency, February 4, 2014.

2 "Bahrain says foils 'terror' attempts, seizes explosives, weapons." Reuters, December 30, 2013.

3 "Demonstration Notice 34." U.S. Embassy Manama, May 22, 2014.

4 Simoes, Hendrick. "Sailors Question Danger Pay Elimination in Bahrain." January 7, 2014.

5 Amendment No. 58 to H.R. 4435, Offered by Mr. Johnson of Georgia, May 8, 2014.

reforms in the country [...] As events in other Arab Spring countries such as Libya and Egypt demonstrate, we cannot count on the status quo to remain the status quo forever. The United States must be prepared to respond to the danger of instability in the region, including in Bahrain.”

Although the amendment ultimately failed in committee by a narrow vote of 29-32,<sup>6</sup> Johnson’s efforts did attract the support of all of his Democrat colleagues in the Armed Services Committee as well as Committee Chairman Rep. Buck McKeon (R-CA).

In addition, Representatives Hank Johnson (D-GA), Jim Moran (D-VA), Jim McDermott (D-WA), Keith Ellison (D-MN), and Alcee Hastings (D-FL) wrote a letter in March 2014 to President Obama encouraging him to discuss human rights issues in Bahrain during his visit to Saudi Arabia. They wrote, “Failure to address the legitimate aspirations of the Bahraini people could have significant effects on the stability of the region and the long-term security interests of the United States,” and asserted, “Long-term stability in Bahrain can only be achieved through meaningful political reform, and we urge you to encourage the Saudi government to play a more constructive role in this regard.”

Bahrain, like other energy-rich Gulf states, has not been a large recipient of U.S. aid and has traditionally received only limited amounts of bilateral security assistance. Nonetheless, the United States has long been a key ally to the Government of Bahrain, consistently providing it with military training, arms, and weaponry—primarily through sales and transfer rather than through foreign assistance.

Security cooperation and logistical support to confront regional threats have been at the heart of the American-Bahraini relationship, of which the U.S. Navy’s Fifth Fleet in Manama has been a focal point. The December 2013 announcement of a \$580 million expansion of the U.S. Navy’s

presence in Bahrain, due to be operational in the Gulf by 2018, underscores the United States’ enduring military commitment to the country.<sup>7</sup> Defense Secretary Chuck Hagel vowed during a January 2014 visit that the United States will continue to guard “the free flow of energy and commerce” from the Gulf and keep Iran nuclear-free through the presence of 35,000 U.S. military personnel and a regional missile defense system. Hagel also stated U.S. commitment to “political reform” in the region.<sup>8</sup>

While security cooperation continues to be the hallmark of U.S.-Bahrain relations, it should be noted that the failure of the Bahraini government to meet administration benchmarks on reform and human rights has caused a number of security assistance items remain on hold, including armored Humvees and anti-tank missiles worth \$53 million, lethal and non-lethal crowd control weapons and equipment, and other dual-use security items.

In March 2014, the U.S. Department of State’s Office of the Inspector General released a highly critical report of U.S. Ambassador to Bahrain Thomas Krajieski. The report highlighted management shortcomings, as well as the Ambassador’s “poor media image” and his “lack of access to some key government officials.”<sup>9</sup> Some pro-government figures in the Bahrain parliament used the report to renew objections against Ambassador Krajieski, calling for his official recall from office.<sup>10</sup> In response to the report, the State Department reaffirmed its “full confidence” in Ambassador Krajieski and disputed some of the report’s allegations.<sup>11</sup>

The Explanatory Statement that accompanied the FY14 Omnibus appropriations act passed in January 2014 designated \$3 million in ESF for democracy and governance programming in Bahrain, marking the first time Congress has allocated a specific amount for such activities in the country. Programming that supports reform efforts in Bahrain has been very limited, due to an unwillingness to upset the Bahraini government

6 Roll Call Vote #14 - Log 187r1 – Johnson, Committee on Armed Services, May 8, 2014.

7 “US Navy to boost long-term Gulf operations.” Gulf News, March 29, 2014.

8 “Remarks by Secretary Hagel at the Manama Dialogue from Manama, Bahrain.” U.S. Department of Defense, December 7, 2013.

9 “Inspection of Embassy Manama, Bahrain.” United States Department of State and the Broadcasting Board of Governors, Office of Inspector General, March 2014.

10 “NUA demands recall of US ambassador.” Gulf News, March 31, 2014.

11 “Daily Press Briefing.” U.S. Department of State, April 1, 2014.

or other Gulf government sensitivities, as well as fears of such programming being branded as sectarian in nature.

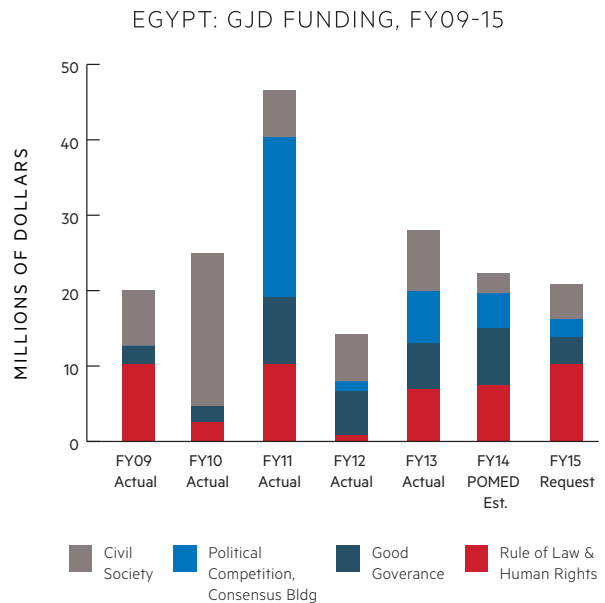
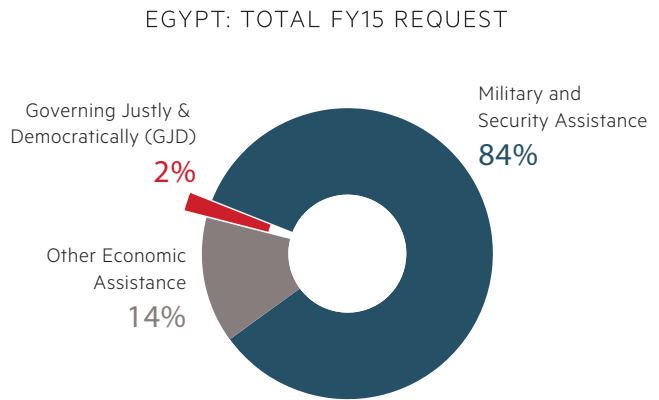
In addition, the FY14 spending bill added Bahrain to a list of countries requiring congressional notification for any ESF or FMF to be spent in the country. This designation places any U.S. assistance to Bahrain under greater scrutiny and provides members of Congress an opportunity to place holds on funds to Bahrain as they are notified.

In the FY15 federal budget request, the administration notes a “surge in violent tactics by extremist elements, to include the use of improvised explosive devices, poses new challenges in ensuring the safety and security of the American military and diplomatic presence.” At the same time, the budget request calls on Bahrain’s leadership to implement democratic reforms to address its citizens’ demands for “political reform in order to assure Bahrain’s long-term domestic stability and prosperity.” The FY15 request reflects these short- and long-term priorities by renewing the \$450,000 provided to the Ministry of Interior to better investigate and respond to terrorist attacks, as well as \$801,000 to International Military Education and Training (IMET) to “reinforce human rights and security sector reform as priorities” and “reinforce the reforms underway in Bahrain.”

In the absence of genuine progress in reform, congressional efforts to restrict security assistance and crowd control items to Bahrain will likely persist, as will calls for the passage of the Global Human Rights Accountability Act and accompanying enforcement of visa bans and asset freezes against Bahraini officials who have not yet been held accountable for gross human rights violations during the 2011 crackdown. Private efforts by the administration to encourage political negotiations will likely continue, though the effectiveness of Ambassador Krajewski has been questioned by some political forces, especially as his three-year term at post is due to expire in late 2014.

## II. EGYPT

Since Egypt’s military-backed government took power in July 2013, the country has become increasingly repressive, dangerous, and unstable. A new constitution was passed in January 2014 in a referendum marred by an intense repression of political movements and individuals calling for a “no” vote. More recently, Egypt held presidential elections on May 27-29, electing former Field Marshal Abdel Fattah el-Sisi with 96.9 percent of the vote, in a political environment regarded as far from free, fair, or open. A Democracy International mission to observe the presidential election concluded that “Egypt’s repressive political environment made



a genuinely democratic presidential election impossible.”

More broadly, tens of thousands of Egyptians have been arrested since last summer, including more than 2,500 political opponents—both Islamist and secular—jailed under vague anti-terrorism laws. More than 1,000 Muslim Brotherhood supporters have been sentenced to death in mass trials decried by the international community, and more than 3,000 Egyptians have been killed, including nearly 1,000 massacred by Egyptian security forces in August at Rabaa al-Daweya.<sup>12</sup> Voices of criticism in the press have been silenced or taken off the air, state media in Egypt has returned to Mubarak-era standards of integrity and independence, and intelligence and security forces have returned to targeting enemies or dissenting voices with impunity.

These alarming developments in Egypt have undoubtedly disrupted the longstanding U.S.-Egypt assistance relationship. The administration has struggled with how events in Egypt should affect the aid relationship, and there has been an enormous degree of confusion surrounding U.S. policy. Following a review of U.S. assistance to Egypt, the administration announced in October 2013 that it would “continue to hold the delivery of certain large-scale military systems and cash assistance to the government pending credible progress toward an inclusive, democratically elected civilian government through free and fair elections.”<sup>13</sup> This marked the first time since the establishment of a large-scale military aid relationship in the late 1970s that Egypt’s military assistance had been suspended in response to internal repression.

In January 2014, Congress passed its FY14 omnibus spending bill and introduced a number of new provisions on Egypt’s bilateral assistance package. For the first time, more than \$1.5 billion in ESF and FMF was divided into two tranches of \$975 million and \$577 million, with each tranche requiring certification of new conditions, including that the Egyptian government was

“taking steps to govern democratically.” Also for the first time, appropriators included no national security waiver for such provisions, a stark departure from all previous bills, which had always allowed the Secretary of State to sidestep any conditions on military aid to Egypt. Upon passage of the bill, lead appropriator Senator Patrick Leahy (D-VT) declared that “if the military continues its repressive tactics, arresting democracy activists and does not hold free and fair elections, the certifications will not be possible and U.S. aid will be cut off.”<sup>14</sup>

The omnibus language passed in January also required the State Department to certify that Egypt was meeting its obligations under the 1979 peace treaty with Israel, as well as that it was “sustaining the strategic relationship with the United States.” And the law contained an exemption for any assistance related to counterterrorism, border security, nonproliferation, border security, and development activities in the Sinai.

In April 2014, Secretary Kerry announced his decision to certify that Egypt was upholding the peace treaty and sustaining the strategic relationship with the United States. At the same time, he acknowledged that he was not yet able to certify the democracy conditions of Egypt’s assistance package, urging the Government of Egypt to “follow through on its commitment to transition to democracy—including by conducting free, fair, and transparent elections, and easing restrictions on freedom of expression, assembly, and the media.”<sup>15</sup> Under the current law, Kerry announced his intent to release \$650 million of Egypt’s aid in the “exempted categories” of counterterrorism, border security, and related activities. At the same time, Defense Secretary Chuck Hagel announced President Obama’s decision to release ten Apache helicopters in support of Egypt’s counterterrorism operations in the Sinai and also urged Egyptian Minister of Defense Colonel General Sedki Sobhy to “demonstrate progress on a more inclusive transition that

12 Dunne, Michele and Williamson, Scott. “Egypt’s Unprecedented Instability by the Numbers.” Carnegie Endowment for International Peace, March 24, 2014.

13 “Press Releases: U.S. Assistance to Egypt.” U.S. Department of State, October 9, 2013.

14 “Statement of Senator Patrick Leahy On The Fiscal Year 2014 Consolidated Appropriations Act.” Press Release from the Office of Senator Leahy, January 14, 2014.

15 “Readout of Secretary Kerry’s Call With Egyptian Foreign Minister Fahmy.” U.S. Department of State, April 22, 2014.

respects the human rights and fundamental freedoms of all Egyptians.”<sup>16</sup>

Many on Capitol Hill were confused by this announcement, as it appeared to contradict previous statements by the administration regarding the delivery of suspended aid, weaponry, and military equipment to Egypt. In an October hearing of the House Foreign Affairs Committee, Assistant Secretary of Defense Derek Chollet testified, “The assistance that we are holding—the M1A1 tank kits, the F-16s, the Harpoon missiles, even the Apaches—is not affecting their operational effectiveness in the Sinai at all.” He also added that “delivery of these systems could resume pending Egypt’s progress toward an inclusive democratically elected civilian government.”<sup>17</sup> Both of these statements were directly contradicted by the April 2014 announcements.

Causing further confusion was the fact that the \$650 million was described as being exempted from the democracy certification because it was designated for counterterrorism and border security efforts. Numerous congressional staff members were confused by this, as the administration had previously estimated in briefings to Congress that approximately \$100 million of the \$1.3 billion FMF package was allocated for such purposes. According to private conversations and interviews, the majority of the \$650 million figure that was announced would be used to make payments to American contractors without delivering the equipment to the Egyptian military. But this fact has not been made clear publicly, nor has the amount of equipment that the administration sought to deliver under the counterterrorism exemption been disclosed publicly.

Ten days after these announcements, Senator Leahy (D-VT) made clear that he would not allow the \$650 million in assistance to move forward. In a speech on the Senate floor, he decried the mass trials in Egypt as “dictatorship

run amok” and declared he was “not prepared to sign off on the delivery of additional aid for the Egyptian military until we have a better understanding of how the aid would be used, and we see convincing evidence that the government is committed to the rule of law.”<sup>18</sup> He was joined by his Republican counterpart on the Senate Foreign and State Operations Appropriations Subcommittee, Senator Lindsey Graham (R-SC), who said he was “very reluctant to put military assets or American dollars in an Egypt that I think is on a road to disaster.”<sup>19</sup> This hold remains in effect, and the \$650 million notified to Congress, along with the delivery of ten Apache helicopters, has not gone through.

While the administration and Congress grapple with when and how to release FY14 aid, this year’s budget request does give some indications on the trajectory of the assistance relationship in the coming year for FY15. The administration’s budget request notably reduces Egypt’s ESF from \$250 million to \$200 million, while at the same time renewing Egypt’s FMF level at \$1.3 billion to “continue assistance to Egypt to further our shared security interests.” The \$50 million cut to Egypt’s economic assistance would disproportionately impact funding for education programs—a reduction of 69 percent from FY13 levels—although GJD funding to Egypt would slightly increase to \$20.5 million.

This decrease in ESF is a surprising move that has not been publicly addressed by U.S. officials. Some officials privately note that due to the lack of an assistance policy that can keep up with the political instability in the country, coupled with restrictions on international and domestic NGOs, the USAID Mission in Cairo has simply been unable to spend the \$250 million in economic assistance allocated annually. The Mission received a rare extension to continue to spend FY12 funding that has still not been disbursed, and the current backlog of ESF funds is at least several hundred million dollars.<sup>20</sup> A significant amount of FY13 ESF funding is also

16 “Readout of Secretary of Defense Chuck Hagel’s Call with Egyptian Minister of Defense Col. General Sedki Sobhy.” U.S. Department of Defense, April 22, 2014.

17 *Next Steps on Egypt Policy*. Hearing. House Foreign Affairs Committee, October 29, 2013.

18 “Leahy Freezes Military Aid To Egypt; Announces His Decision On Senate Floor.” YouTube, April 29, 2014. [www.youtube.com/watch?v=i0GZR9SuArE](http://www.youtube.com/watch?v=i0GZR9SuArE)

19 “Military Aid for Egyptians Loses Support in the Senate.” *New York Times*, April 29, 2014.

20 The exact amount of this backlog remains unclear, and in interviews during May and June 2014, different administration officials gave us a large variation of estimates for this number, from the range of a few hundred million dollars to as much as one billion.



being held by members of Congress within the House Foreign Affairs Committee (HFAC).

The volatile political environment has complicated assistance programming in the country. For example, efforts in fall 2013 to shift democracy and governance programming to support political reconciliation were abandoned as it became clear that the political environment would not permit such activities in the short term. Moreover, the Egyptian government and state media have continued a campaign to demonize U.S. assistance in the country, including the publication of lists of U.S.-funded organizations and Egyptians who have taken part in U.S.-funded trainings.

Many officials expect that the ESF backlog will not be able to be addressed any time soon. U.S. officials would need to negotiate with the next Egyptian government concerning the kind of programs such assistance could support; the substantial size of the ESF suggests that only an approach of a few, expensive programs could allow the funds to be spent effectively, but this, too, would still require total cooperation on the part of Egyptian government institutions.

A reduction in Egypt's ESF contradicts a view commonly held in 2011 and 2012 that the balance of U.S. aid to Egypt should be shifted away from military aid and toward increased economic support. In March 2011, then-Senator Kerry remarked publicly that "the most important aid is the economic and the development piece" for Egypt and that the U.S. should "shift the balance" of its financial assistance to the country from military to economic aid—"certainly until there's been a presidential race and a parliament is chosen and there is a country as a whole and it has sort of defined where it's heading."<sup>21</sup>

Beyond the content of the aid package and the strategies beyond programming, another main area of debate has been whether the large-scale bilateral aid package provides leverage for the United States to impact political behavior in Egypt, and if so, how and when to use such leverage. The administration's partial aid suspension announced in October 2013

has been roundly criticized in both Cairo and Washington. It reinforced the suspicions of many Egyptians that U.S. policy is hypocritical and unprincipled, while in Washington, the move has been attacked by those who called for aid to flow uninterrupted as reducing U.S. influence and leverage in Egypt. An additional party of critics found fault in the move for the opposite reason: because the suspension was incomplete, slow in coming, and lacking in clarity as to what would be required for aid to resume, it was an ineffective use of aid as leverage.

Additional dissatisfaction with U.S. aid to Egypt comes in the form of a growing recognition within Congress and many parts of the administration that Egypt's military aid package is an outdated construct that does not meet the realities of post-2011 Egypt. Indeed, senior officials have noted, "Going back to the status quo of the past 30 years is not really an option that's available to us."<sup>22</sup> Even among defense officials, there is a growing recognition that much of the content of the military assistance package (e.g. M1 Abrams tanks, F-16s, Harpoon missiles) does not match Egypt's most important security needs of today.

However, internal debates in the State Department, White House, Defense Department, and Congress have not led to any real progress as to when and how the aid package should be modernized. Moreover, unique provisions such as cash-flow financing make restructuring the military aid package a difficult legal and bureaucratic challenge, often leading to a passive acceptance of the status quo arrangement. In addition, entrenched interests in the American defense manufacturing industry, the U.S. Department of Defense, and supporters of a strong U.S.-Israel relationship have put pressure on Congress and the White House not to alter Egypt assistance in any way. This point of view has been reflected by Chair of the House State and Foreign Operations Appropriations Subcommittee Rep. Kay Granger (R-TX):

"Relationships among intelligence and military leaders go back decades, providing our officials with an invaluable resource in the fight against terrorism. We cannot allow

21 "Senator John Kerry on U.S. Policy Toward the Middle East." Carnegie Endowment for International Peace, March 16, 2011.

22 Ryan, Missy and Stewart, Phil. "Amid Egypt rights abuses, U.S. stalls over more military aid." Reuters, May 20, 2014.

what happened in Pakistan to happen in Egypt, where we ended a critical relationship in the 1990s and sacrificed a generation of close strategic cooperation. When we needed to re-engage with Pakistan after 9/11, we had to start from scratch. Trust, once lost, is not easily regained.”<sup>23</sup>

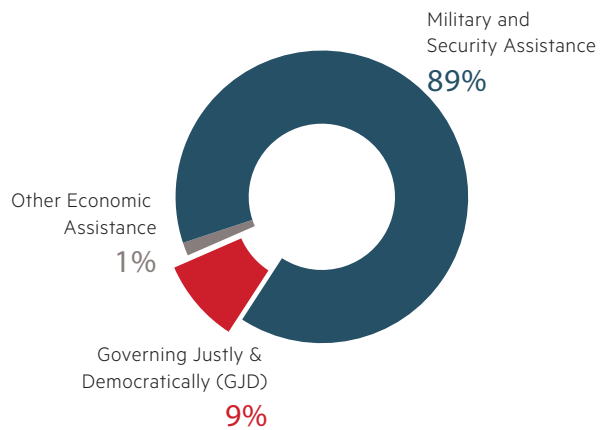
At the same time, many voices in Congress and the administration alike are beginning to demonstrate increasing impatience with the repression under the Egyptian military’s rule since July 2013, and are growing more supportive of reforming the structure of the assistance relationship. In April 2014, Rep. Ileana Ros-Lehtinen (R-FL) noted her frustration with Egyptian officials: “Having a peace accord with Israel does not buy Egypt carte blanche to run over civil society.”<sup>24</sup>

Support for eliminating the cash flow financing benefit has started to gain traction at high levels as a potential area of reform, as well as the need to modernize the content of the military assistance package. Particularly in the Senate, efforts will likely continue to seek new ways to condition Egypt’s aid package to influence the actions of Egypt’s government and military, as well as to increase oversight over the administration’s management and distribution of assistance.

### III. IRAQ

More than two years after the withdrawal of U.S. forces from Iraq, the country has grown increasingly polarized along sectarian lines as widespread violence persists under the leadership of Prime Minister Nouri al-Maliki. Maliki has continued to centralize power, most notably through the Iraqi Council of Ministers’ April 2014 endorsement of a national safety bill, which regulates the state of emergency and defines the prime minister’s powers and the steps he can take during “emergency” measures, which mostly fall under martial law. Analysts have criticized the bill, which would give Maliki “near-absolute powers” and “is filled with loopholes and vague language.”<sup>25</sup> Independent commissions, such as election monitors and the Iraqi Bank, now report

IRAQ: TOTAL FY15 REQUEST



to the prime minister instead of Parliament. Parliament no longer has the right to propose new legislation but can only vote on proposals from the Council of Ministers.<sup>26</sup>

Amid increasing levels of violence in Anbar in the fall of 2013, PM Maliki repeatedly pressed the United States to provide Apache helicopters to fight terrorism in the country. In response, Senators McCain (R-AZ), Levin (D-MI), Inhofe (R-OK), Menendez (D-NJ), Corker (R-TN) and Graham (R-SC) stated in a public letter:

“Unfortunately, Prime Minister Maliki’s mismanagement of Iraqi politics is contributing to the recent surge of violence. By too often pursuing a sectarian and authoritarian agenda, Prime Minister Maliki and his allies are disenfranchising Sunni Iraqis, marginalizing Kurdish Iraqis, and alienating the many Shia Iraqis who have a democratic, inclusive, and pluralistic vision for their country.”<sup>27</sup>

The Senators further argued that the U.S. should provide security assistance to Maliki’s government only if Maliki:

“adopt[s] a strategy to address Iraq’s serious problems of governance [...] To be effective, an Iraqi political strategy should involve sharing greater national power and revenue

23 Granger, Kay. “Egyptian Presidential Election Opportunity to Renew Strategic Partnership.” May 23, 2014.

24 Pecquet, Julian. “Key Democratic senator considers blocking aid to Egypt.” Al-Monitor, April 29, 2014.

25 Abbas, Mushreq. “Iraqi government submits controversial emergency powers bill.” April 11, 2014.

26 “Iraq: 2014 and Beyond.” The Woodrow Wilson Center Middle East Program, September 25, 2013.

27 “Senators Send Letter to President Obama on Iraq as PM Maliki Visits DC.” Press Release, October 29, 2013.

with Sunni Iraqis, reconciling with Sunni leaders, and ending de-Baathification and other policies of blanket retribution. It should include agreements with the Kurdistan Regional Government to share hydrocarbon revenues and resolve territorial disputes. And it requires a clear commitment that the elections scheduled for next year will happen freely, fairly, and inclusively in all parts of Iraq, and that the necessary preparations will be taken.”

Ultimately, Congress approved the sale of as many as 30 Apache attack helicopters to Iraq after receiving “assurances from the State Department that the Shia-majority Iraq government would not use the aircraft against members of the Sunni-minority population.”<sup>28</sup>

Despite widespread discontent with Maliki’s rule, his State of Law coalition won 92 seats in Iraq’s 2014 parliamentary elections, exceeding most expectations. Maliki’s closest opponents won 29 seats, making the formation of a coalition against Maliki to seize the premiership from him very unlikely. In response, Vice President Joe Biden has “emphasized the importance of a new parliament acting to pull the country together given the many challenges confronting Iraq” and “stressed the importance of pursuing a holistic approach [in Anbar] that includes political outreach as well as security measures consistent with the goal of gaining local support and cooperation.”<sup>29</sup>

As with previous years, the most significant trend in U.S. assistance to Iraq is the dramatic decline in bilateral support the country receives—the FY15 ESF request for Iraq is \$330 million, representing a 60 percent decline from the FY14 level. With additional funds requested under the Overseas Contingency Operations (OCO) account, the total FY15 request for Iraq reaches \$1.5 billion—a figure Secretary of State Kerry described as part of an “ongoing effort to right-size our presence and programs” in the country. Assistant Secretary of State Anne Patterson also testified in April 2014 that funds for Iraq constituted a shift to a more traditional diplomatic presence, with assistance priorities of counterterrorism, governance, and

commercial development.<sup>30</sup>

Support for democracy and governance in the FY15 request is estimated at \$18 million—a 60 percent reduction from the FY13 actual figure, and a 98 percent reduction from the objective’s peak level of \$850 million in FY07. This \$18 million request is described by the administration as a “reduced portfolio [that] reflects a narrower focus of U.S. government assistance activities in these strategically important program areas” of governance, human rights, protection of vulnerable populations, and private sector development. However, one democracy practitioner described the reduction of democracy assistance funding in Iraq as the “U.S. continuing its headlong rush out of Iraq.”

Within the country, USAID is maintaining its democracy assistance programming at previous years’ levels, and the State Department’s Bureau of Democracy, Human Rights, and Labor (DRL) will take the lead in sustaining D&G programming in the country with new funding. Concurrent with efforts to reduce bilateral assistance levels in Iraq, U.S. donors are actively working to shift to a new model whereby the Government of Iraq would pay for ongoing technical assistance provided by U.S. implementers.

\$250 million has been requested for FMF—a 17 percent decrease from the FY14 estimate, but still the fourth largest FMF package in the region after Israel, Egypt and Jordan. As the size of the bilateral assistance package to the country decreases, the leverage that prestige military sales (often paid for by FMF) provides will perhaps be the strongest tool by which the United States can pressure PM Maliki to change course and stabilize the country through a holistic approach of power-sharing and targeted and appropriate counterterrorism measures. As one analyst has suggested, “the United States would be well within its rights to communicate that its valuable counterterrorism support—including intensified measures such as drone strikes—will only be available to a government that consistently practices ethnosectarian power-sharing to a far greater extent than has occurred

28 Wong, Kristina. “Senate approves Apache attack helicopter sale to Iraq.” *The Hill*, January 27, 2014.

29 “Readout of the Vice President’s Call with Iraqi Prime Minister of Nouri al-Maliki.” The White House, May 16, 2014.

30 “The Administration’s FY 2015 MENA Budget Request.” House Foreign Affairs Committee, April 29, 2014.

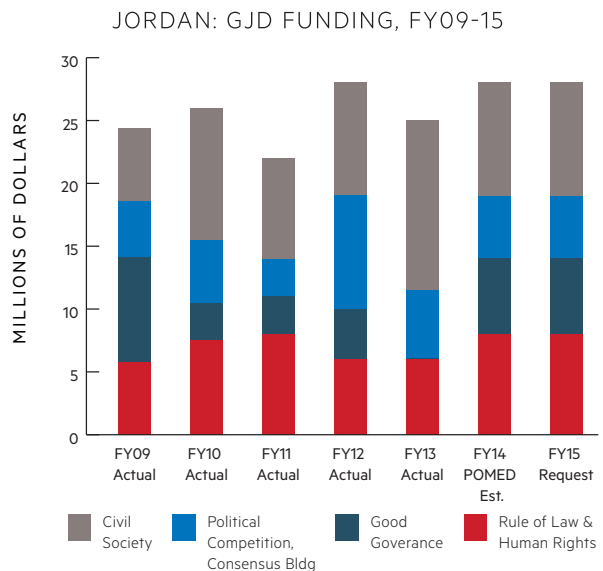
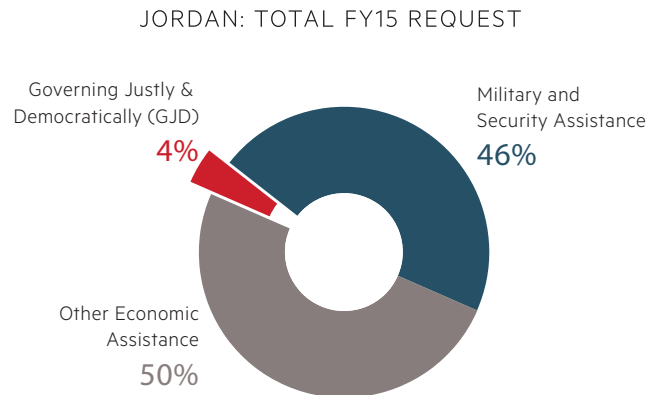
in Maliki’s second term.”<sup>31</sup> This position is likely to be met with growing support within Congress should Maliki continue his exclusionary brand of politics; increasing frustration with Maliki’s political behavior may lead appropriators to tie tough conditions on political inclusion and respect for human rights to Iraq’s FMF package in this year’s spending bills.

**IV. JORDAN**

The impact of the Syrian civil war on Jordan has continued to put unprecedented strain on the Kingdom’s resources and political stability. More than 600,000 Syrian refugees now live in the country, and the Za’tari refugee camp outside of Mafraq is now the country’s fourth largest city. After holding national and municipal elections in 2013, short-term opportunities for broad, national electoral reforms have largely passed, although the King has promised to continue making reforms to the country’s electoral code. Significant progress towards developing a more pluralistic and inclusive political system has not materialized, as reforms to increase power-sharing and strengthen the role of political parties and parliament have remained limited. In December 2013, King Abdullah II announced a new National Integrity Charter to “institutionalise, enhance and sustain the National Integrity System and combat corruption” and appointed a new Royal Commission to implement its directives.<sup>32</sup>

Despite this, a March 2014 International Republican Institute poll found that while “Jordanians have moderated their views on the current state of the country since IRI’s last poll in March 2013,” more of them feel that Jordan “is going in the wrong direction (48 percent) than the right direction (39 percent).” When investigating why “rallies in support of reform have decreased over the past year,” the poll found that 23 percent of respondents felt that “protests were neither effective nor had they produced any positive results.”<sup>33</sup>

The Government of Jordan remains under



pressure to increase the pace of promised reforms, particularly to improve economic conditions and reduce corruption, and also to strengthen democratic practices in the country. Unemployment in Jordan has now reached 14 percent, leading to increased calls for international support to shore up the stability of the regime.

The U.S. has responded by committing \$660 million in economic and security assistance annually for the next five years, and signing

31 Knights, Michael. “The U.S. Role in Iraq’s Postelection Politics.” The Washington Institute for Near East Policy, April 24, 2014.  
 32 “Remarks by His Majesty King Abdullah II At the Ceremony to Launch The National Integrity Charter and its Executive Plan.” The Embassy of the Hashemite Kingdom of Jordan, December 9, 2013.  
 33 “IRI Poll: Jordanians Encouraged by Stability; Concerned about High Prices and Refugee Numbers.” International Republican Institute, March 10, 2014.

a second sovereign loan agreement with Jordan valued at \$1 billion, subsidized by \$100 million in U.S. assistance. The signing of this loan guarantee follows a \$1.25 billion issuance last year. After meeting with King Abdullah II in February 2014 to finalize the agreement, President Obama noted that, “we have very few friends, partners and allies around the world that have been as steadfast and reliable as His Majesty King Abdullah, as well as the people of Jordan.”<sup>34</sup>

As Secretary Kerry testified in March 2014:

“For the Syrian people, for Lebanon, Turkey, for Jordan, coping with how to keep their societies running and keep extremists at bay while they host millions now of refugees, our support is critical to that. We’re the largest donor in the world. And that helps us, because it is critical to us that Lebanon and Jordan remain stable.”<sup>35</sup>

The FY15 federal budget request includes \$360 million in ESF and \$300 million in FMF for Jordan. Out of ESF, approximately \$28 million is allocated towards democracy assistance in the bilateral account.

Funds intended for humanitarian assistance for Syrian refugees is not represented in the bilateral request; more than \$250 million was spent in FY14 for this programming and was drawn from accounts including International Disaster Assistance (IDA), Migration and Refugee Assistance (MRA), and Food for Peace (FFP). The USAID Mission in Jordan employs a specific team for Syria-related programming in the country.

Also notable in the current assistance to Jordan is the supplemental \$340 million in ESF funding through the Overseas Contingency Operations (OCO) budget in FY14, made available in the FY14 omnibus. \$100 million of this \$340 million was allocated for subsidizing the costs of Jordan’s \$1 billion loan guarantee, and the remaining \$240 million is designated for activities related to investing in people and economic growth in the country. The FY15 budget request does

not include a renewal of this amount, but that is unsurprising, as this allocation originated in Congress, not from the administration.

In a March 2014 hearing, Senator Lindsey Graham (R-SC) voiced concerns that the FY15 budget request did not renew this supplemental aid through the OCO account, interpreting this as a “\$300 million aid cut to Jordan.” Secretary Kerry responded that, “we’ve provided significant add-ons in aid to Jordan over the course of last year well over what was originally appropriated. And there’s nobody we support more overall. But in view of some of the other things we’re doing this is a trade-off. We’ve been forced into a zero-sum game.” Nonetheless, support within Congress for increased funds for Jordan remains extremely strong, although it is unclear whether the support for renewing the supplemental \$340 million in OCO funds on top of the agreed-upon \$660 million expressed by Senator Graham is widespread.

## V. LEBANON

The impact of the Syrian civil war on Lebanon has been tremendous. The country’s politics have grown increasingly factionalized and violent, while the influx of more than one million Syrian refugees has put an overwhelming strain on its resources. The Syrian conflict has inflamed political tensions in the country, as Hezbollah has been fully engaged in the effort to help sustain Syrian President Assad and, by extension, preserve the corridor through which Hezbollah receives support from Iran as well. Hezbollah’s engagement in the war and the spillover of Sunni rebel groups have exacerbated domestic sectarian tensions in Lebanon, compounded by the country’s political paralysis for most of 2013 and early 2014.

In February 2014, a new national unity government was formed under the leadership of Prime Minister Tammam Salam with power shared between Sunni, Shi’a and Christian political elites. The cabinet includes all major Lebanese parties, with the exception of the Lebanese Forces, which has maintained its refusal to participate in a cabinet with Hezbollah. The

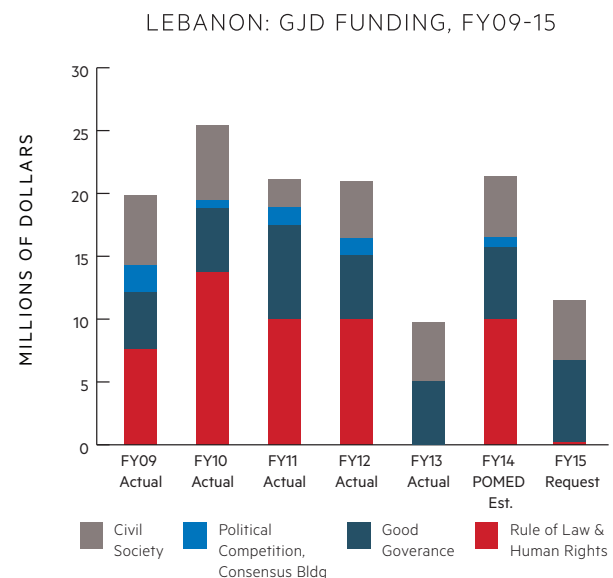
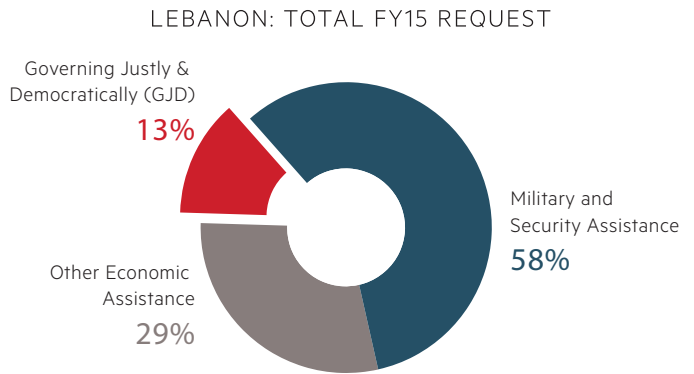
<sup>34</sup> “United States and Jordan Sign Second Loan Guarantee Agreement.” U.S. Department of State, May 5, 2014.

<sup>35</sup> “FY2015 Department of State Budget.” U.S. Department of State, March 12, 2014.

parliament has failed to select a new president since the expiration of Michel Sleiman’s term in May 2014, with new parliamentary elections currently slated for November 2014. Meanwhile, tensions in the country remain high over the progress of the court proceedings of the Special Tribunal for Lebanon (STL), which is currently scheduled to resume the trial of five Hezbollah members accused of conspiring to kill former Prime Minister Rafik Hariri.

Despite some modest political progress, Lebanon’s government still faces massive economic strain, with growing public debt and budgetary crises exacerbated by the influx of Syrian refugees. This year’s federal budget request includes \$58 million for ESF and acknowledges that “continuing spillover effects of the crisis in Syria are likely to remain and have required re-orientation of foreign assistance to meet those challenges and promote Lebanese stability.” With legal prohibitions against direct government-to-government assistance to a Lebanese government that includes representatives of Hezbollah, U.S. assistance is largely channeled through international and local NGOs, although the administration suggests that the 2014 national elections could offer new opportunities for “direct cooperation and assistance with a government that shares U.S. values and interests.”

In terms of support for democracy and governance programming in Lebanon, the FY15 budget requests only \$11.5 million, a reduction of 46 percent from estimated existing levels of \$21.4 million in FY14. This coincides with the observation of numerous advocates of democracy in Lebanon that the administration has moved away from long-term democracy assistance support in Lebanon, with primarily a small amount of short-term, elections-related programming remaining. Several multi-year democracy programs in Lebanon have recently been terminated, and the current request includes only \$200,000 designated to support Rule of Law and Human Rights programming, down from current levels of approximately \$10 million annually.



In addition to the bilateral assistance package, U.S. humanitarian assistance in response to the Syrian crisis has been a major component of recent U.S. support in Lebanon. With Secretary Kerry’s announcement of an additional \$51 million in humanitarian aid during a visit to Beirut in June 2014, the United States has now committed more than \$400 million in humanitarian assistance to Lebanon,<sup>36</sup> where the UN estimates that refugees from Syria now account for 18 percent of the total population.<sup>37</sup> Ensuring that Lebanon (as with other countries hosting large numbers of Syrian refugees) is able to meet rising demands on resources has become a top priority of the administration with strong backing from Congress. Deputy Assistant

36 “Press Availability in Beirut, Lebanon.” U.S. Department of State, June 4, 2014.

37 “U.S. Humanitarian Assistance in Response to the Syrian Crisis.” U.S. Department of State, January 15, 2014.

Secretary of State Lawrence Silverman testified in April 2014 to the House Foreign Affairs Committee: “Lebanon hosts the largest refugee population, per capita, in the world,” with more than one million Syrian refugees living in the country.<sup>38</sup> Due to the urgency and magnitude of managing Lebanon’s refugee population, Silverman noted that the U.S. has viewed the country “as an adjunct to the Syria crisis and the war.”<sup>39</sup> In a February 2014 hearing, Senator Tim Kaine (D-VA) called Lebanon “an overlooked neighbor [ . . . ] Lebanon has been extremely generous in welcoming Syrian refugees into the country as has been its tradition, and it’s paid the highest price in terms of the stability and security of the country.”<sup>40</sup>

In addition, this year’s designation of \$80 million in requested security assistance for Lebanon seeks to build the capacity of the Lebanese Armed Forces (LAF) as the only cross-sectarian, national institution in the country, as well as to monopolize the use of force in the country. Since 2005, the United States has allocated nearly \$1 billion to support the Lebanese Armed Forces and Internal Security forces, and the International Military Education and Training (IMET) program with Lebanon is the 4th largest in the world, after Pakistan, Turkey, and Jordan.<sup>41</sup> Deputy Assistant Secretary Silverman testified in April 2014: “The LAF remains above politics and factional interests, as desired by the vast majority of the Lebanese people. It is a badly needed example of cross-confessional integration for the entire country, and it remains one of the most respected national institutions in Lebanon because it reflects the diversity of the country.”<sup>42</sup> Following a visit to Lebanon by Senators Tim Kaine (D-VA) and Angus King (I-ME), Kaine noted “in Lebanon the degree of satisfaction in the military relationship [with

the United States] is probably the highest [in the region].”<sup>43</sup>

The role of the LAF in stabilizing sectarian flare-ups has been repeatedly demonstrated in the past year, as the army has been deployed to Tripoli and other areas of the country after the eruption of violent sectarian clashes. In 2013, armed conflict between the majority Sunni Muslim Bab al-Tabbaneh district and the adjacent Alawite neighborhood of Jebel Mohsen in Tripoli killed more than 100 people, and the LAF was mandated to end the bloodshed. More broadly, this year’s budget request includes \$80 million in FMF to the LAF to “help achieve a key U.S. foreign policy objective by challenging Hizballah’s public claim that its arms and militia are necessary to defend Lebanon’s sovereignty.”

However, Rep. Ileana Ros-Lehtinen (R-FL) has criticized the amount of security assistance to Lebanon as “outrageously high” for a country “that has never really been stable nor free from the influence of outside actors.” In the same hearing, Rep. Ted Deutch (D-FL) raise concerns that “some reports indicate that Lebanese Armed Forces are losing the perception of neutrality due to seemingly greater focus on cracking down on Sunni extremists over Hezbollah-affiliated militias.”<sup>44</sup>

In December 2013, President Sleiman announced that Saudi Arabia would grant Lebanon \$3 billion to purchase defense items from the French. Despite concerns of the sale demonstrating other countries filling the U.S. role in the security relationship, Deputy Assistant Secretary Silverman said the equipment could have “complementarity” that “in no way obviates the need for continued U.S. assistance.”<sup>45</sup>

38 Silverman, Lawrence. Statement to the Subcommittee on the Middle East and North Africa of the House Foreign Affairs Committee. *Lebanon’s Security Challenges and U.S. Interests*, Hearing, April 8, 2014.

39 Ibid.

40 “In Middle East Subcommittee Hearing, Kaine Calls Lebanon ‘Overlooked Neighbor’ in Syrian Crisis.” Press Release, February 25, 2014.

41 Plehn, Michael. Statement to the Senate Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs. *Lebanon at the Crossroads*, Hearing, February 25, 2014.

42 Silverman, Lawrence. Statement to the Subcommittee on the Middle East and North Africa of the House Foreign Affairs Committee. *Lebanon’s Security Challenges and U.S. Interests*, Hearing, April 8, 2014.

43 “In Middle East Subcommittee Hearing, Kaine Calls Lebanon ‘Overlooked Neighbor’ in Syrian Crisis” Press Release, February 25, 2014.

44 Subcommittee on the Middle East and North Africa of the House Foreign Affairs Committee. *Lebanon’s Security Challenges and U.S. Interests*, Hearing, April 8, 2014.

45 Ibid.

As one analyst has noted, “If the Syrian conflict will be neither resolved nor deescalated, then Lebanon is in for a very dangerous ride in 2014 and 2015 and will need all the help it can get from the U.S. and other friends.”<sup>46</sup> In addition to continuing security assistance to the LAF and humanitarian assistance to addressing the needs of Syrian refugees, U.S. assistance will need to refocus on democracy and governance support in Lebanon as domestic political processes are internally reenergized.

With the impact of the Syrian crisis on Lebanese political dynamics, delays or irregularities in electoral events and government formation could contribute to volatility in the country, and U.S. assistance and diplomatic energies should be focused on ensuring free, fair and transparent elections while also maintaining the independence of the Lebanese Armed Forces as they seek to quell sectarian fighting in the country.

## VI. LIBYA

Over the past year, Libya has increasingly suffered from debilitating political paralysis, rampant militia activity, and economic stagnation. Popular unrest spiked after the General National Congress (GNC) extended its mandate earlier in December 2013, as the body is largely viewed as feckless. General Khalifa Heftar’s recent “Operation Dignity” campaign against Islamist forces has further polarized the country and sparked a dramatic escalation of violence. This has caused disputes surrounding the legitimacy of the GNC and rival prime ministers and has cast serious doubt on the trajectory of Libya’s transition and its ability to avoid a return to full-scale civil conflict. Compounding this political stalemate, Libyan oil exports—the key source of government revenue—have plummeted 80 percent since September 2013 when militias succeeded in blockading oil ports to force a resolution of their political demands for revenue sharing.<sup>47</sup> One rare bright spot in Libya’s transition was the February 2014 election of the Constitutional Drafting Assembly (CDA), which has begun the constitutional drafting process.

Among administration officials, it became clear in 2013 that Libya’s political transition was faltering and that this recognition could promote a re-evaluation of U.S. assistance priorities. Immediately after the fall of Gadhafi in 2011, U.S. assistance prioritized security efforts, with a focus on securement and disposal of chemical and conventional weapons, while some OTI programming focused on development work. By 2014, assistance for democracy and governance programming had increased considerably, attempting to establish security through the Global Security Contingency Fund and the Libyan government-funded General Purpose Forces (GPF), as well as governance support to build the service delivery capacity of national and local institutions.

The FY15 federal budget request focuses on two main goals in Libya: 1) supporting Libyan government efforts to develop a basic security capability to reduce threats and sustain a successful democratic transition, and 2) maintaining progress on Libya’s transition to a permanent, inclusive democracy. The assistance strategy is to “surge seed money” to get the political transition back on track and to develop the financial management capacity of the Libyan government to pay for future technical assistance. With the Rome Ministerial meeting in 2013, the international community completed two compacts on governance and security assistance and established coordinated mechanisms among the U.S., EU, and UN donors.

Due to the presence of significant oil reserves in Libya, the administration’s \$6.25 million bilateral request is smaller than every other country examined in this report, and it is allocated for narrow priority areas such as securing conventional weapons, strengthening counterterrorism cooperation, and providing election support. As has been the case in recent years, the overwhelming majority of U.S. assistance to Libya will continue to be provided using funds from outside the bilateral account. Since 2011, U.S. assistance to Libya has totaled more than \$240 million, with only \$45 million of that amount having been allocated bilaterally.

<sup>46</sup> Salem, Paul. Statement to the Senate Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs. *Lebanon at the Crossroads*, Hearing, February 25, 2014.

<sup>47</sup> “Libyan rebels agree to reopen two oil terminals after deal.” BBC News, April 6, 2014.



Although Libya has substantial oil resources, Libyan authorities do not yet have the governance and financial framework to mobilize funding from revenues, nor even the security capacity needed to protect oil infrastructure; U.S. donors and implementers in Libya have worked to develop this infrastructure through capacity-building support paid for by Libyan funds. This is reflected in the FY14 omnibus, which requires assistance for infrastructure projects in Libya to be provided only “on a loan basis with terms favorable to the United States.” However, due to ongoing political disputes among regional militias and the Libyan central government that have led to blockades and other pipeline protests, the country’s oil production is down to 160,000 barrels per day—considerably lower than its peak production of 1.4 million bpd.<sup>48</sup> As a result, Libya does not have the financial resources on hand needed to finance development during its political transition.

In March 2014, Secretary Kerry attended the Rome Ministerial Conference to meet with European and other international partners to coordinate international assistance to Libya. Secretary Kerry expressed the United States’ “commitment to Libya’s democratic transition” and the recognition “that this is really a pivotal moment for Libya as it drafts a post-revolution constitution and moves towards national reconciliation and elections.”<sup>49</sup>

Among the most significant programs the U.S. has launched in Libya is a \$600 million training program for a national General Purposes Force (GPF) in the country. An estimated 6000-8000 Libyan security personnel will be trained over eight years in Bulgaria and equipped with M4A4 carbines, small arms ammunition, organizational clothing, and individual equipment. Some analysts have raised concerns about the GPF, including determining who will be trained, how they will integrate into the existing military context, and precisely what the purpose of such forces is in the Libyan context.<sup>50</sup>

In Congress, the attack on the U.S. Consulate in Benghazi in September 2012 has continued to dominate conversations about Libya. To date, congressional requests related to Benghazi have included 13 hearings, 25,000 pages of documents, and 50 briefings.<sup>51</sup> This focus on the attack in Benghazi is reflected in the FY14 omnibus spending bill, which prohibits funds “for the central Government of Libya unless the Secretary of State reports to the Committees on government is cooperating with United States Government efforts to investigate and bring to justice those responsible for the attack on United States personnel and facilities in Benghazi, Libya in September 2012.”

Administration officials attest that, despite the overwhelming congressional focus on Benghazi, this has not obstructed the allocation of funds for Libya’s political transition as critical to U.S. national security interests.

Lawmakers are also concerned with any U.S. security assistance falling into the wrong hands in Libya and thus wrote an additional provision in the FY14 omnibus explanatory statement requiring detailed justification and vetting procedures of any Libyan individual or unit receiving FMF.

With both internal and external political support for Libya’s transition fading, the country’s political trajectory is increasingly at risk. This will be a critical year for Libya that may determine whether the country can overcome significant obstacles to move the country back onto a path to democracy. Otherwise, the dire security conditions may spiral out of control, derailing the political transition, undermining the integrity of Libya’s economic potential, and threatening a return to prolonged civil conflict. Although the United States and the international community appear to have increased attention on Libya in recent months, sustained international support will be essential if Libya is to avoid further deterioration and destabilization.

48 “Eastern Libya oil rebel rejects new government.” Reuters, May 28, 2014.

49 “Press Availability in Rome.” U.S. Department of State, March 6, 2014.

50 Nickels, Benjamin. “Pitfalls for Libya’s General Purpose Force.” Sada Journal, October 10, 2013.

51 Kohn, Sally. “A guide to GOP’s Benghazi obsession.” CNN.com, May 6, 2014.

VII. MOROCCO

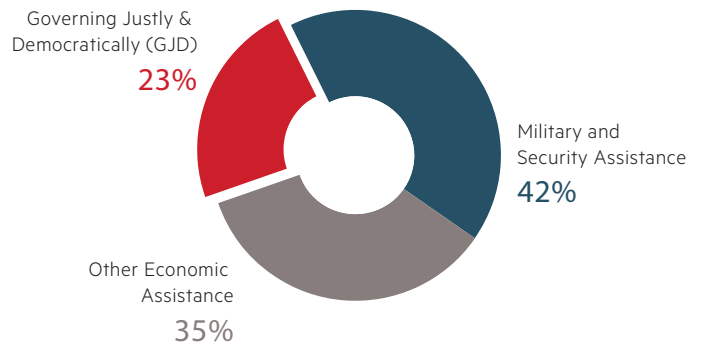
Since King Muhammad VI introduced constitutional amendments designed to increase political competition and decrease the authority of the monarch in 2011, many Western observers have praised the “Moroccan model” of top-down reform. At the same time, Moroccan political activists argue that palace reforms are largely cosmetic, and they also point to increasing repression of free media and free expression. In September 2013, independent journalist Ali Anouzla was arrested on terrorism charges for linking to a Spanish news site that hosted a video of al-Qaeda threatening attacks in Morocco. Although he was released on bail pending his trial, Anouzla cannot publish his work and his news website, Lakome, remains blocked; many suspect the Moroccan authorities have also placed him under a travel ban.

Organized protests in Morocco continue to highlight corruption, poor socioeconomic conditions, limitations on freedom of expression, and general distrust of traditional political parties. Morocco’s reformers have also suffered from fragmentation in organization and conflicting visions for goals and strategy, damaging the unity and strength of their activities in spring 2011.

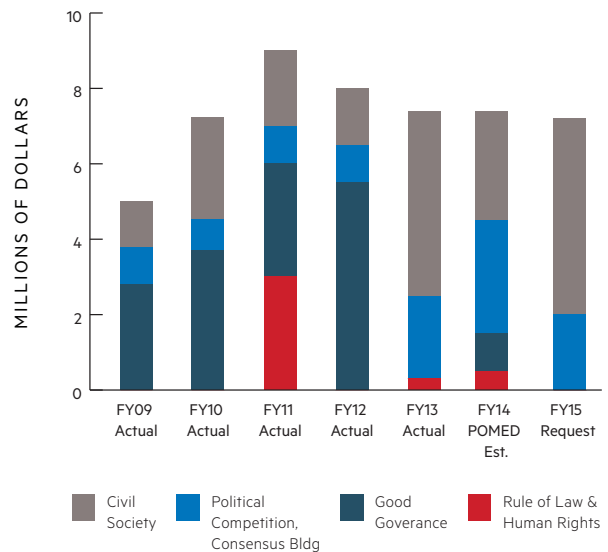
The FY15 federal budget request includes \$30.9 million in bilateral assistance to Morocco, a 9 percent decrease from FY14 levels. This year’s request will support the implementation of “calibrated but steady economic reforms” in the country, as well as economic and political reform that is guided by a recently approved USAID five-year Country Development Cooperation Strategy (CDCS).<sup>52</sup> Administration officials view Morocco’s reform process as moving “just fast enough to stay ahead of demands” and satisfy general public concerns in the country, and due to widespread Congressional support for assistance to Morocco, there is “almost limitless opportunities of what we can do there.”

Within this amount, \$7.2 million is designated for democracy and governance programming in Morocco, a modest 3 percent decrease over our estimate for the amount spent in FY14, and identical to \$7.2 million allocated in FY10, on the eve of the 2011 uprisings. Previous editions of this report have called on the administration to increase GJD funding in Morocco, noting: (1) the significant demand for such programming by Moroccan civil society organizations and political parties, (2) a more welcoming political environment for such programming than in many other countries of the region, and (3) the very small size of the existing GJD program in

MOROCCO: TOTAL FY15 REQUEST



MOROCCO: GJD FUNDING, FY09-15



52 “USAID/Morocco Country Development Cooperation Strategy 2013 – 2017.” United States Agency for International Development (USAID).

Morocco.<sup>53</sup> Despite informal suggestions for several years that the Embassy and USAID mission were considering a significant increase in GJD funds, the level has essentially remained constant.

\$20 million in ESF is targeted to tackling youth unemployment in the country, which the administration has characterized as a “potential source of instability.” In the political realm, the budget request identifies assistance priorities as: 1) underdeveloped and unresponsive political parties; 2) limited civil society organization capacity to engage the political process; and 3) limited participation by youth and women. These priorities indicate a shift away from previous efforts on local governance, a sector that European donors are expected to fill. Deputy Assistant Secretary of State William Roebuck testified in April 2014 that the Moroccan authorities “are reform oriented” and that the U.S. has seen “steady progress” on reform in Morocco.<sup>54</sup> However, the current democracy assistance approach to the King’s constitutional reforms is now focused on supporting Moroccan NGOs and other outside actors to create pressure on the government to implement such reforms.

In addition to the bilateral funding priorities in Morocco, how U.S. assistance is spent in the Western Sahara has been an ongoing debate between administration officials and members of Congress. Despite a FY14 congressional authorization that “assistance for Morocco should also be available for assistance for the territory of the Western Sahara” (rather than such assistance being administered by international NGOs), Deputy Assistant Secretary of State William Roebuck testified to the House Foreign Affairs committee that such a policy shift would be perceived as undermining the UN-led mediation process in the Western Sahara.<sup>55</sup>

Morocco has also been the recipient of a Millennium Challenge Corporation (MCC) compact, worth \$698 million over five years, that was completed in September 2013. In his testimony, DAS Roebuck described the compact as successful and noted that the administration is currently working with the Moroccan government on a second MCC compact.<sup>56</sup>

Although there is significant support in Congress for the Moroccan government’s preference to administer U.S. assistance in the Western Sahara, this view is not shared by the administration, as such a step would be perceived as undermining the UN mediation process on the territorial dispute. As those debates continue, support for Morocco’s top-down reform process and its assistance package—both ESF and FMF—remain strong. Rep. Ileana Ros-Lehtinen (R-FL) captured this support for Morocco’s government in an April 2014 hearing: “The Administration must continue to see Morocco as the potential for what other North African transitional countries can do, and we must look to glean the best practices from its approach and see how they can be implemented in neighboring countries as well.”<sup>57</sup>

## VIII. SYRIA

As Syria’s civil war continues, U.S. policy remains focused on two primary objectives: mobilizing and coordinating bilateral and international humanitarian assistance inside Syria and neighboring countries; and promoting a negotiated political settlement to bring an end to the ongoing fighting.

In September 2013, U.S. policy debates escalated when verifications of chemical weapons use by forces loyal to Assad marked a clear violation of President Obama’s “red line” regarding military intervention in the conflict. After announcing his intent to conduct limited airstrikes, President Obama sought Congressional authorization for the use of force. Amid national debate, the United

53 Morocco has consistently had the smallest level of GJD funding among the seven states in the region that have had longstanding assistance packages and USAID missions, despite being the third largest of those seven states in population and having a freer environment and stronger absorptive capacity for such funds.

54 *U.S. Policy Toward Morocco*. Hearing. House Committee on Foreign Affairs, April 9, 2014.

55 *Ibid.*

56 “Subcommittee Hearing: U.S. Policy Toward Morocco.” House Committee on Foreign Affairs, April 9, 2014.

57 “Morocco’s Example of Moderation and Willingness to Reform Could Serve as a Blueprint for Political Transition in the Region, Says Ros-Lehtinen.” April 9, 2014.

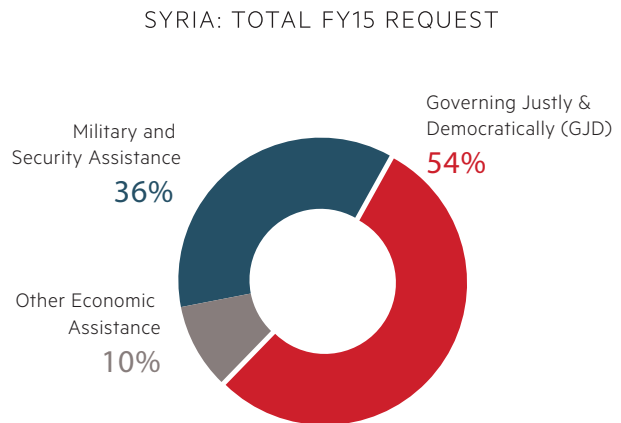
States, Russia, and the Assad government made a deal to eliminate Syria’s chemical weapons cache to avoid a military strike. The complete removal of Syria’s chemical weapons must be concluded by June 2014, per the agreement. If Assad fails to comply, calls for more aggressive intervention or arming of the opposition are likely to increase.

Meanwhile, armed opposition forces remain fragmented, often alternating between fighting the Assad regime and each other. The Free Syrian Army has repeatedly and publicly lobbied its backers in the Gulf and the United States for increased levels of lethal support and anti-aircraft weapons to counter the aerial advantage of Assad’s forces.

On the political track, the Syrian National Committee agreed to participate in the Geneva II Conference under the condition that the Assad regime must step down in any negotiated solution. Geneva II ended as a failure in February 2014. Since then, President Assad has been re-elected in an election deemed illegitimate by the international community, and characterized as contrary to the principles of the Geneva process by the United States government.

For years, the United States has been the largest humanitarian donor to the Syrian people. It continues to sustain that position as increasing amounts of assistance become necessary to prevent the crisis from deteriorating further and destabilizing the countries hosting millions of Syrian refugees—primarily the U.S. allies of Lebanon, Jordan and Turkey. In June 2014, Secretary Kerry pledged an additional \$290 million in humanitarian aid for Syria, bringing the total amount of U.S. assistance since 2011 to more than \$2 billion.

Mark Ward, the State Department’s senior adviser on assistance to Syria, leads the Syria Transition Assistance Response Team (START), which has been tasked with coordinating Syria assistance since summer 2013. Previously, the majority of U.S. assistance to Syria was coordinated in Turkey by the State Department’s Bureau of Conflict Stabilization Operations (CSO) and a joint USAID-DRL representative. START is



in charge of developing a coordinated strategy among CSO, DRL, MEPI, USAID, and other donors in Syria, though many implementing organizations suggest that the democracy assistance strategy—as with the broader U.S. Syria strategy—does not articulate clear goals moving forward, but instead justifies the steps taken by existing U.S. policy.

For the first time, the FY15 budget requests a significant, \$155 million assistance package designated specifically for Syria. This is a departure from recent years, in which the administration provided various forms of assistance to Syria entirely from multi-country accounts. The budget notes that this shift reflects a recognition that “U.S leadership will remain critical over the coming years.” The administration describes U.S. assistance to Syria as “a vital tool in overall strategy” that includes the provision of non-lethal assistance to those aligned with the Syrian Opposition Coalition (SOC) in liberated areas of Syria, including \$80 million in funding for democracy and governance programming for FY15, compared with \$15.8 million in FY13:

“By bolstering those parties capacity to govern and provide basic services in their communities, we help enable the opposition to better represent their communities in negotiations and on the ground, and preserve moderate governance and core institutions that will be critical to forming a post-Assad transitional government.”

The \$80 million requested for democracy assistance would include funding levels for the following strategic objectives: rule of law & human rights (\$5 million), good governance (\$40 million), political competition and consensus building (\$20 million), and civil society (\$15 million). If fully granted by Congress, this level of GJD funding would make Syria the largest recipient of democracy assistance in the entire region. This increase is likely to be seen as welcome and long overdue by many democracy advocates who have complained that the U.S. administration has not sufficiently supported the emergence and development of moderate Syrian political forces as a balance to radical forces that have emerged during conflict.

In addition to a bilateral request of \$155 million, the FY15 budget request also includes \$1.1 billion in assistance to address humanitarian needs in Syria and in neighboring countries with large numbers of Syrian refugees. Senators Tim Kaine (D-VA) and Marco Rubio (R-FL) have been leading proponents of the full implementation of United Nations Security Council Resolution 2139, “to organize a robust and aggressive cross border assistance effort to reach those in need [of humanitarian assistance] inside Syria.”<sup>58</sup>

To underline their position against military intervention in Syria, congressional appropriators prohibited the use of funds for the introduction of U.S. armed or military forces into hostilities in Syria in the FY14 omnibus appropriations act. They also preemptively prohibited funding for a UN peacekeeping mission in Syria without prior consultation with appropriators. Strong bipartisan criticism of the absence of a comprehensive strategy in Syria has been consistent in Congress, and the omnibus required that such a strategy from the Secretary of State include “a clear mission statement, achievable objectives and timelines, and a description of interagency and donor coordination and implementation of such strategy.” As Rep. Ileana Ros-Lehtinen (R-FL) stated in April 2014, “We cannot continue to throw money at the problem if the administration lacks a clear and decisive plan in dealing with the Syrian conflict. We continue to

treat the symptoms of the problem, but not the disease.”<sup>59</sup>

Regardless of how the ongoing armed conflict or political negotiations will unfold, the needs of Syrians inside the country and those living in neighboring countries will continue to increase. For many countries hosting refugees, including Lebanon, Jordan, and Turkey, U.S. officials will continue to mobilize high levels of assistance to address their needs and stave off the potentially destabilizing impact refugees could have on those countries. This concern is shared among Congress and the administration, and flexible funding arrangements will likely continue to be utilized to meet the rising humanitarian needs of refugees as the conflict continues.

Recognizing a long-term commitment to Syria’s assistance needs, the administration has established a significant budget allocation for the country in the FY15 request, which should add some regularity to assistance to Syria. This includes a large allocation for democracy assistance to Syria, suggesting that the administration may fund new programs that support the consolidation of governance structures in areas of the country not held by Assad. These structures could form the basis of a post-Assad political architecture, and provide a counterweight to extremist governance structures being established in other parts of the country.

## IX. TUNISIA

Late 2013 and early 2014 brought historic progress in Tunisia, which took several momentous steps toward consolidating its democratic transition. By September 2013, months of political stalemate and the return of mass protests led to urgent negotiations by Tunisia’s political elites, mediated by a quartet of civil society organizations led by the country’s federation of labor unions (UGTT). By the end of the month, the Ennahda-led government agreed to turn over power to a caretaker government. The National Dialogue began in late October 2013 in order to implement the negotiated roadmap, including finalizing the

58 “Kaine Urges United Nations to Immediately Address Syrian Humanitarian Crisis.” Press Release, May 2, 2014.

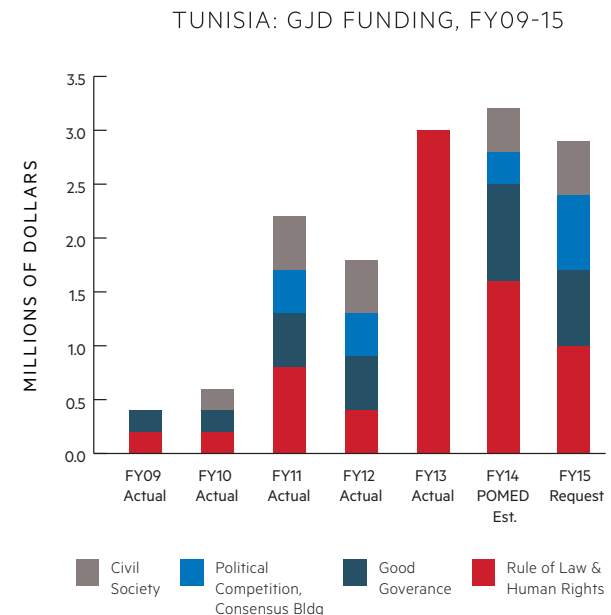
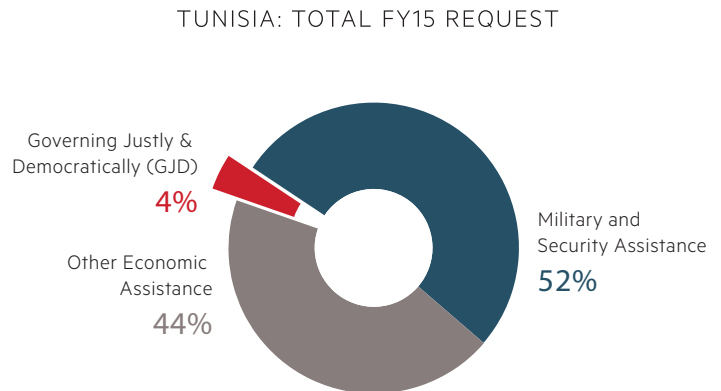
59 “Subcommittee Hearing: The Administration’s FY 2015 MENA Budget Request: Priorities, Objectives and Challenges.” House Committee on Foreign Affairs, April 29, 2014.

new constitution, completing electoral laws, and holding national elections. After several delays in the roadmap, Mehdi Jomaa was selected as the caretaker PM in December 2013, and in January 2014, the National Constituent Assembly approved Tunisia's new constitution—widely heralded as the most progressive in the Arab world—by an overwhelming majority.

The administration's FY15 budget request includes \$66 million in bilateral assistance, the same level of bilateral funding being provided in FY14. This amount includes \$36 in military and security assistance and \$30 million in economic and development assistance, with \$20 million of that amount designated for the Tunisian American Enterprise Fund. To many observers and supporters of Tunisia's democratic transition, these levels of funding are shockingly low.

As noted in an earlier section of this report, this places Tunisia as the ninth largest recipient of bilateral U.S. assistance in the MENA region, exactly where it was in 2010 prior to its historic revolution. There is consensus among supporters of democracy in the Arab world that Tunisia should be a top priority for international support and that current levels of U.S. assistance are insufficient. As one senior member of the democracy promotion community put it in an interview for this report, "Tunisia should be the priority. It's the only country where investments are clearly yielding results."

In recent months, a large number of high-ranking administration officials have declared publicly that support for Tunisia's transition is indeed a top priority. During a House Middle East and North Africa Subcommittee hearing, Assistant Secretary of State for Near Eastern Affairs Anne Patterson noted that, "Tunisia remains one of the region's best hopes for a successful transition to democracy and it will set an example for other countries in the region."<sup>60</sup> Deputy Secretary of State William Burns said during a visit to Tunis in February 2014, "As President Obama emphasized in his State of the Union address a few days ago, Tunisia's success



matters to America. And it matters across this very complicated region, where Tunisia's success can set a powerful and positive example."<sup>61</sup>

Days later, Deputy Assistant Secretary of State for Maghreb Affairs William Roebuck referred to Tunisia as "a top priority" of the State Department in public remarks in Washington.<sup>62</sup> In a visit to the country soon thereafter, Deputy Secretary of State Heather Higginbottom echoed this sentiment: "Working with the people and government of Tunisia to lay a foundation for political stability and economic prosperity that

60 "The Administration's FY 2015 MENA Budget Request." House Foreign Affairs Committee, April 29, 2014.

61 "Remarks at a Press Availability in Tunis, Tunisia." U.S. Department of State, February 1, 2014.

62 Roebuck, William. Statement at "Tunisia's Transition: Successes, Obstacles, and the Role of the International Community." Public Event. Project on Middle East Democracy, February 26, 2014.

solidifies their democracy, strengthens civil society, and empowers youth is a top priority for the United States.”<sup>63</sup>

In April 2014, during the visit of Prime Minister Jomaa to Washington, President Obama asserted that “the United States has a huge investment in making sure that Tunisia’s experiment is successful. And we want nothing more than Tunisians to determine their own destiny, for the economic reforms to take place to allow Tunisia to be not just self-sufficient but thriving in the world economy.”<sup>64</sup>

In some sense, it appears that the administration has chosen to demonstrate its commitment to Tunisia by having numerous high-profile figures repeat remarks about how important Tunisia is, rather than demonstrating its importance through tangible commitments commensurate with the country being “a top priority.”

In March, a letter sent to Secretary Kerry signed by a diverse group of high-profile voices from across the political spectrum—including four former U.S. Ambassadors to Tunisia, six former Assistant Secretaries of State, eight former Members of the House and Senate—called for the United States to do much more to support Tunisia, including increasing foreign assistance considerably and establishing a USAID Mission.<sup>65</sup>

There seem to be two major complaints among democracy advocates regarding U.S. support for Tunisia. First, that assistance has simply not been given on an appropriate scale—if Tunisia is indeed a “top priority,” then it should not be the ninth largest recipient of assistance in the MENA region.

The second complaint is that assistance to Tunisia is given in an ad hoc, piecemeal manner that lacks longer-term planning and avoids any long-term commitment. This criticism applies especially to democracy and governance programming. There is a very widespread impression that the administration’s plan to support democracy and

governance in Tunisia does not extend beyond elections expected to take place late this year. Most supporters of democracy recognize that the challenges of consolidating democracy in Tunisia will take years and they fear that the U.S. government overlooks this. One administration official acknowledged that “there is an idea that Tunisia will get to elections later this year and then its transition will be over and the focus can be entirely on the economic side.”

Although the administration has marshalled resources totaling more than \$400 million for Tunisia since 2011, there have been no real efforts to shift this support for Tunisia toward a larger bilateral account. The global or multicountry mechanisms by which funds have been mobilized do not offer the kind of stability or predictability that only a more significant bilateral assistance package can provide. This is the kind of approach the administration has taken in Syria and Yemen (detailed further in each country’s respective section). Recently announced loan guarantees to the country will not be enough to address Tunisia’s development challenges; only a serious and sustained U.S. engagement to support a framework for democratic governance can adequately establish a foundation for long-term economic development.

Part of the problem in establishing a larger, longer-term assistance relationship has been the lack of a USAID mission or presence in the country, which is often (but not quite always) a prerequisite for a larger-scale aid relationship. In 2011 and early 2012, there were internal discussions about the possibility of establishing a USAID mission, but this has not moved forward for two main reasons: security concerns and restrictions that were in place following attacks on the U.S. Embassy in September 2012, as well as the perception that Tunisia is a wealthier and more economically developed country than countries that have USAID missions.<sup>66</sup>

63 “Deputy Secretary of State Higginbottom’s Travel to Tunisia.” U.S. Department of State, March 18, 2014.

64 “Remarks by President Obama and Prime Minister Jomaa of Tunisia Before Bilateral Meeting.” The White House, April 4, 2014.

65 “65 Former Officials, Experts Call on Kerry to Bolster Support for Tunisia.” Project on Middle East Democracy, March 24, 2014. <http://pomed.org/media-posts/pomed-releases-letter-calling-on-kerry-to-bolster-support-for-tunisia/>

66 Though it should be noted that Tunisia’s GDP per capita is less than that of Lebanon and comparable to that of Jordan: both countries with large, longstanding USAID missions.

Beyond the question of whether to have a full-fledged mission, it is surprising how few development staff have been in Tunis. Currently, USAID-OTI is in the process of withdrawing from the country, which will leave only one USAID senior development advisor focusing on economic growth—a smaller presence than in any other Arab country that receives U.S. development assistance. And at the moment, there does not appear to be any plan to expand that presence. Even in Libya, where the security environment is dramatically more difficult and restrictive, several USAID officials have been operating in addition to local staff. In an interview, one administration official noted how rare it is for USAID to have such a small organizational footprint—not just in the MENA region but globally—and struggled to think of another comparable example before offering Burundi and Sierra Leone.

During Prime Minister Jomaa's visit to Washington in April, the White House announced an additional \$500 million loan guarantee for Tunisia in addition to the \$485 million loan guarantee the United States had secured for Tunisia in 2012. The cost of subsidizing the loan guarantee to the U.S. is expected to be in the range of \$30-50 million. In addition, the State Department lifted its travel warning for Tunisia, which had been widely viewed as excessive and as an impediment to tourism, foreign investment, and the ability of U.S. government personnel to visit Tunisia or move around the country. Many hope that this move will pave the way for increased U.S. engagement in Tunisia.

Views on Capitol Hill toward Tunisia have been similar to those in the administration: offerings of public support not backed by action or funding. After meeting with Prime Minister Jomaa, Representative Eric Cantor (R-VA) stated that “the U.S. and international community should stand by Tunisia as it confronts [its] political, economic, and security challenges,”<sup>67</sup> but Congress has done little to support Tunisia other than pave the way in 2011 for the establishment of the Tunisian American

Enterprise Fund to facilitate investment in Tunisian small businesses. Congress has also slowed the delivery of some assistance to Tunisia and blocked efforts to provide assistance to Tunisia through the Millennium Challenge Corporation (MCC). As last year's edition of this report noted, Congress initially prohibited any MCC funding for assistance to Tunisia due to concerns regarding accountability for an alleged perpetrator of the 2012 attack on the U.S. Consulate in Benghazi, Libya. Later, Congress also opposed such funding on the grounds that the administration may have been “bending the rules” in determining Tunisia's eligibility based on MCC's strict criteria. This concern was captured in the FY14 Omnibus Explanatory Statement in January 2014:

“The agreement includes a prohibition on funds for threshold countries that do not meet the requirements to be a candidate country in fiscal year 2014, including candidate countries from prior years such as Tunisia. Efforts by the Administration to provide MCC assistance to countries that do not meet MCC criteria undermine the integrity of the MCC model.”<sup>68</sup>

Although public rhetoric for supporting Tunisia has been strong, especially since Tunisia finalized and passed its new constitution in January, it remains unclear whether that verbal support will translate into congressional support granting higher levels of assistance than requested by the administration or the establishment of a USAID mission in Tunis to deliver such funds. With Tunisia finalizing its electoral law and planning for new national elections at the end of the year, there is a widespread perception among the democracy community that U.S. support for democracy assistance to Tunisia will wrap up, as the administration deems the transition complete and focuses almost entirely on economic assistance. But it will be critical to support the next stage of Tunisia's democratic transition by maintaining long-term support to governance, civil society, party development, as well as long-term institutional and structural reforms.

67 Cantor, Eric. “Congressman Cantor Statement On Meeting With Prime Minister Of Tunisia.” April 3, 2014.

68 “FY14 Omnibus Explanatory Statement.” House of Representatives, January 13, 2014.



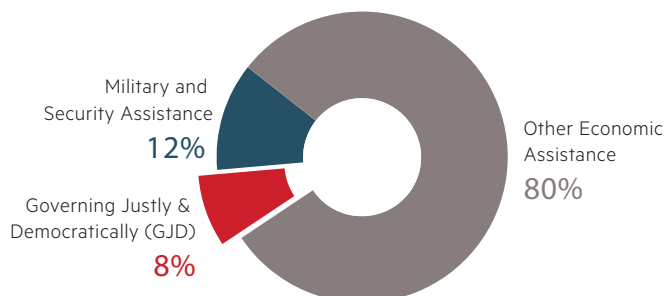
## X. WEST BANK & GAZA

John Kerry’s tenure as Secretary of State has been marked by his devotion of time and resources to Israel and the Palestinian territories. After months of negotiations and dozens of visits and phone calls in pursuit of a peace settlement, Secretary Kerry’s lead negotiator Martin Indyk declared the talks “paused” in May 2014.<sup>69</sup> U.S. policymakers repeatedly declared that both sides had taken “unhelpful steps,”<sup>70</sup> which led to the impasse, including ongoing Israeli settlement activities, steps by the Palestinian authority to sign international treaties, and Hamas-Fatah unity government negotiations.

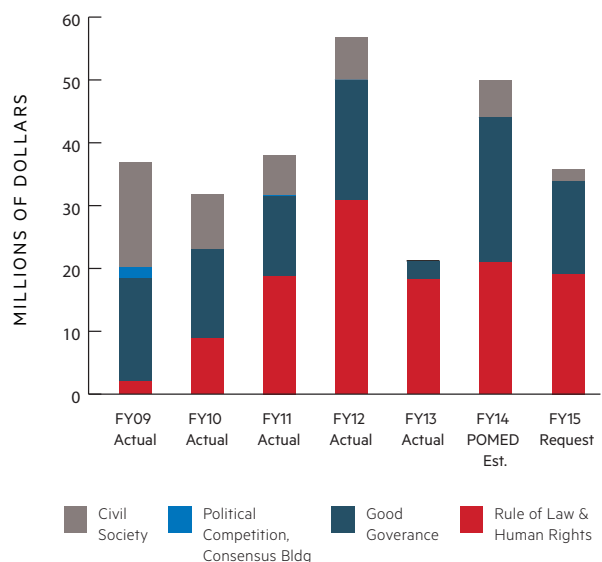
At the same time, Fatah and Hamas reached a deal establishing a technocratic unity government, an agreement that is set to trigger new elections later in 2014. Following the announcement, some in Congress called for the immediate suspension of U.S. assistance to the PA under a provision of law that prohibits assistance to a Palestinian government including members of Hamas; Fatah has dismissed threats to cut off aid, arguing the unity government does not violate any provision of law governing U.S. assistance.<sup>71</sup> The administration has said that it intends to work with, and continue disbursing assistance to, the unity government since it contains “no ministers affiliated with Hamas.”<sup>72</sup>

In passing the FY14 omnibus appropriations bill in January, Congress passed the most restrictive language on assistance to the Palestinian Authority in history, prohibiting economic and security assistance to the PA “for assistance to Hamas or any entity effectively controlled by Hamas, any power-sharing government of which Hamas is a member, or that results from an agreement with Hamas and over which Hamas exercises undue influence.” The bill also prohibits funding to the PA should “the Palestinians obtain the same standing as member states or full membership as a state in the United Nations or any specialized agency thereof outside an agreement negotiated between Israel and the Palestinians.”

WEST BANK AND GAZA: TOTAL FY15 REQUEST



WEST BANK AND GAZA: GJD FUNDING, FY09-15



Chair of the House State and Foreign Operations Appropriations Subcommittee Rep. Kay Granger (R-TX) called the recent renewal of efforts to attain recognition of the independent state of Palestine by the United Nations and associated bodies an “extremely disappointing development,” while others in Congress have argued vehemently that U.S. law was violated when President Abbas signed 15 international treaties in April 2014.<sup>73</sup> In response, Palestinian officials argued that the “treaties and conventions will help to protect and promote basic rights

69 “Remarks on the Israeli-Palestinian Negotiations.” U.S. Department of State, May 8, 2014.

70 “Daily Press Briefings : Daily Press Briefing - April 29, 2014.” U.S. Department of State, April 29, 2014.

71 “House warns Palestinian aid may be cut.” Al-Monitor, April 2, 2014.

72 “Daily Press Briefings: Daily Press Briefing - June 2, 2014.” U.S. Department of State, June 2, 2014.

73 “Granger Statement on Renewed Palestinian Statehood Bid.” April 1, 2014.

of the Palestinian people and will enable the State of Palestine to be a responsible actor on the international stage.<sup>74</sup> In this year's federal budget request, the administration requests authority to waive legislative restrictions that prohibit paying U.S. contributions to the UN while it "remains committed to heading off any new efforts by the Palestinians to seek such membership in organizations across the UN system."

Amid such debates on how U.S. assistance to the PA would be impacted should a unity government including Hamas take power and the pursuit of international recognition of a Palestinian State, U.S. policy has been driven by a sustained interest in building the PA's capacity to govern and deliver services to its people.

This year's federal budget request includes a total of \$441 million in bilateral assistance to the West Bank and Gaza, essentially maintaining current levels of total assistance. The aid relationship is justified as a core component of the U.S. policy objective of achieving a two-state solution, by "supporting Palestinian institution-building so that a future state will possess the capacity to govern, provide services, and ensure security and stability within its borders and also with its neighbors." The request includes \$370 million in ESF for continued programming that "supports negotiations, encourages broad-based economic growth, promotes democratic governance, and improves the everyday lives of Palestinians, thereby creating an environment supportive of a peace agreement and contributing to the overall stability and security of the region." In November 2013, Secretary Kerry also announced an additional \$75 million in support of the Palestinian Authority's High Impact Micro-Infrastructure Initiative (HIMII), bringing the total U.S. Government commitment to \$100 million for that particular initiative.

In terms of funding for democracy and governance programming, the current budget request includes \$35.8 million, a reduction of

28 percent from existing levels of approximately \$50 million. Considering the breakdown of GJD funds, the current budget continues recent trends of shifting GJD funding away from support for Palestinian civil society and away from programs to support political competition in favor of programs that focus on improving the effectiveness of PA institutions.

But some Palestinians criticize the programming supported by U.S. assistance to the PA, arguing that it entrenches Israeli control of Palestinian lands—for example, by funding transportation workarounds to Israeli settlements, rather than address the issue of settlements directly. Many also argue that U.S. funding to Palestinian security forces that commit human rights violations provides no incentives for those corrupt security forces to undertake reform or accountability processes. Funding to improve PA institutions also includes \$70 million in International Narcotics Control and Law Enforcement (INCLE) funding designated for "reforming the Palestinian Authority (PA) security sector, and sustaining and maintaining the capabilities that the security forces have developed."

Analysts have argued that the Hamas-Fatah unity deal could threaten future aid to the Palestinian Authority. But Palestinian officials have argued that "whereas a unity government could place members of Palestine's political factions in ministerial positions, the interim government agreed to on April 23 will expressly consist of political independents—neither aligned with Fatah, nor Hamas, nor other Palestinian political factions—who will be selected based on their expertise in the fields relevant to their ministries," therefore bypassing legislation that would prohibit U.S. assistance to a cabinet that includes members of Hamas.<sup>75</sup> In an April 2014 hearing, Assistant Secretary Anne Patterson said unequivocally, "We would suspend aid to Palestinian security forces if Hamas was part of a unity government."<sup>76</sup> At the same time, she also cautioned that the U.S. should not "throw out baby with the bathwater," by cutting off its

74 "Q&A: Palestine's Accession to International Treaties." State of Palestine, Palestine Liberation Organization, Negotiations Affairs Department, April 2, 2014.

75 "Fact sheet: Palestinian National Reconciliation Agreement of April 23, 2014." General Delegation of the PLO to the United States, April 25, 2014.

76 "Subcommittee Hearing: The Administration's FY 2015 MENA Budget Request: Priorities, Objectives and Challenges." Subcommittee on the Middle East and North Africa, House Committee on Foreign Affairs, April 29, 2014.

relationship with the PA entirely over its talks with Hamas.<sup>77</sup>

While the peace talks remain on pause, officials in the administration and in Congress will likely be forced to grapple with the implications to assistance of any further Palestinian initiatives in the international arena or between Hamas and Fatah. The unity deal of late April 2014 stipulated that a unity government would be formed within five weeks and that Palestinian general elections would be held six months later. These are key timetables that will impact major decisions regarding the restriction of U.S. assistance to a Palestinian body that could include Hamas members, and will likely be the nexus of debate regarding assistance to the West Bank and Gaza in the months ahead.

## XI. YEMEN

Yemen’s National Dialogue Conference (NDC) concluded in early 2014, representing a culmination of more than two years of intense debate and compromise on the major issues surrounding the country’s democratic transition. Despite serious obstacles, agreements have been made to implement a new federal system of six states (four in the north and two in the south), and a committee is currently working to draft a new constitution in line with the recommendations from the NDC. Despite this progress, Yemen must grapple with two major threats to political progress: an extreme humanitarian crisis and political “spoilers,” including members of the former Saleh regime.

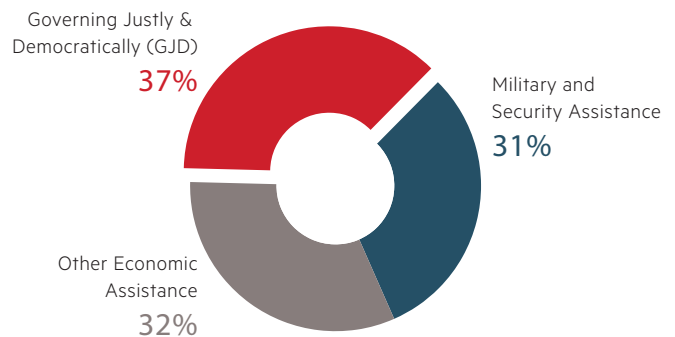
The U.S. government has sustained significant efforts to support Yemen’s humanitarian and long-term development needs since the beginning of Yemen’s transition in November 2011. In that time, U.S. assistance to Yemen has totaled more than \$630 million to support key political efforts, including the NDC, constitutional reform, and electoral processes.<sup>78</sup>

This year’s total budget request of \$106.5 million in bilateral aid to Yemen aims to support a peaceful political transition, economic recovery, enhanced delivery of basic services, as well as military and security reform. The requested

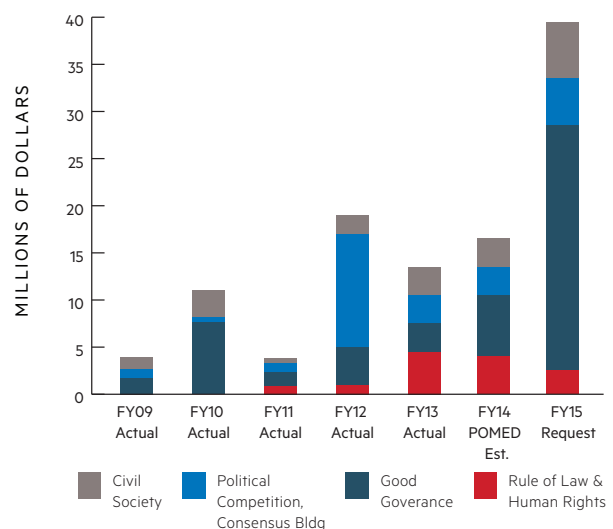
ESF budget for FY15 of \$64.5 million represents a 43 percent increase from our estimates of FY14 levels, the product of widespread political support for Yemen’s transition and efforts to regularize levels of assistance from the assistance approach from 2011 to present, in which funding for Yemen was drawn from a variety of multilateral accounts.

Yemen’s ESF request includes funding to encourage upcoming political processes to be inclusive (especially of women and youth), and a shift to supporting the “supply side” of democracy, i.e. implementation of the National

YEMEN: TOTAL FY15 REQUEST



YEMEN: GJD FUNDING, FY09-15



<sup>77</sup> Ibid.

<sup>78</sup> “U.S. Support for Yemen.” U.S. Department of State, March 1, 2014.

Dialogue Committee's recommendations for a transition to a federal state, service delivery of government institutions, and empowerment of local and national legislative bodies. In addition, funding for education, health, and economic growth programming are intended to address the livelihood demands at the heart of protests in 2011. A new three-year Country Development Cooperation Strategy for Yemen is expected to be released soon, and will detail the short- and long-term approach of USAID initiatives in the country.

Of the \$64.5 million in bilateral ESF for Yemen in the FY15 budget, \$39.5 million is specifically designated for democracy and governance programming, more than double our estimated level of \$16.5 million for FY14. This continues a steady trend of increased support for democracy programs in Yemen that began even before the 2011 uprisings. Prior to FY09, bilateral democracy support in Yemen had never exceeded \$2.0 million. In FY09, that amount increased to \$4.0 million. In the five years since, that level has increased tenfold to the level in the current budget.

Yemen represents the best example in the region of the administration steadily increasing and adapting the assistance package in response to the political changes on the ground over the past several years. Following the uprising of 2011, the administration responded by marshalling large levels of additional aid for Yemen from other accounts, initially focused especially on humanitarian relief. As Yemen's political transition and national dialogue have moved forward, the administration has steadily shifted away from relying as much on funds for other accounts by increasing the bilateral aid package.

U.S. democracy assistance has focused on connecting political negotiations to Yemenis outside the capital, primarily by funding domestic civil society organizations to link citizens with politics through civic education initiatives. Due to strict security restrictions, U.S. personnel have been severely hampered in traveling outside of (and even within) Sana'a, although USAID has utilized local NGOs, third party contractors, and even established a CSO

training and accreditation center in Aden to broaden their outreach in an attempt to move away from centralized management of the development portfolio.

The requested FMF budget for FY15 of \$25 million is also a 25 percent increase from the FY14 level. The administration credits Yemen's transitional government's gains in extending security through the challenging process of reorganization of the Ministries of Defense and Interior, major security sector reform initiatives the U.S. has promoted in Yemen since 2011. Moving forward, the FY15 security assistance will be allocated towards supporting Yemeni efforts on counterterrorism (CT) and improving the Yemeni government's "control of its territory to prevent its use by terrorists." However, these admirable efforts to shift attention to Yemen's humanitarian needs, long-term economic development, and support for a democratic transition continue to be undermined by the persistent, widespread perception in Yemen that U.S. policy is primarily driven by counterterrorism efforts. In December 2013, Yemen's parliament voted to end drone strikes in Yemen following a U.S. drone strike that reportedly killed 14 and injured 22 in a wedding convoy. The parliament's nearly unanimous vote was non-binding, but "a strong warning" to both the United States and the government of President Hadi.<sup>79</sup>

In addition to providing financial and technical support to the political process, U.S. assistance has also sought to address Yemen's enormous economic and humanitarian challenges. The United States provided nearly \$251 million in humanitarian assistance in FY 2012 and FY 2013, in coordination with the United Nations Yemen Humanitarian Response Plan and other humanitarian actors, and \$100 million in economic growth programming.<sup>80</sup>

While most attention is paid to the high-profile U.S. counterterrorism and targeted strike program in Yemen, U.S. assistance also supports building the capacity of the security and judicial sectors—spending more than \$247 million in FY12 and FY13 on such activities.

<sup>79</sup> "Drone strikes must end, Yemen's parliament says." CNN.com December 15, 2013.

<sup>80</sup> Ibid.

In February 2014, Deputy Secretary of State William Burns hailed the GCC-brokered transition in Yemen as “a very good example of what [the United States and the Gulf Cooperation Council] can achieve together. Our joint efforts to end the country’s civil strife and help Yemen define a comprehensive transition accord, including the recently concluded National Dialogue, have given the Yemeni people a real chance to begin the hard work of reconciliation and reconstruction.”<sup>81</sup>

Deputy Assistant Secretary of State Barbara Leaf testified in a November 2013 hearing, “The dialogue has accomplished what many thought impossible, as Yemen stood on the brink of civil war a little more than two years ago.” She stated that U.S. engagement with Yemen would center on four key areas: “1) the political transition process; 2) economic reform and development; 3) humanitarian relief; and, 4) security and counterterrorism cooperation.”

While many politically engaged advocates of democracy in Yemen perceive U.S. policy and assistance to be increasingly supportive of political processes, there is also a widespread opinion that the administration is overly optimistic and may be underestimating the severity of some remaining political challenges. In particular, while the National Dialogue Conference did achieve remarkable progress in terms of reaching agreement and forging consensus on some difficult issues, at least on paper, there are very serious questions as to how meaningful and credible this process has been beyond the political elites in urban centers.

The southern issue in Yemen is an especially good example of this phenomenon, where it is unclear whether the agreement in principle to shift toward a federal system with six states will be able to slow the steadily escalating tensions in the south. As noted above, the administration is now rightly focusing the need to connect negotiations in Sana’a to the rest of the country, but some observers fear that the progress made by the NDC may ultimately be undermined by the failure to have more effectively connected

the Yemeni population around the country with the NDC process while it was still underway.

Leading voices in Congress continue to support Yemen’s political transition but also worry that the security situation could derail progress. Rep. Ileana Ros-Lehtinen (R-FL) noted in a November 2013 hearing the “fragile socioeconomic and political situations in Yemen has fostered an environment that allows al-Qaeda in the Arabian Peninsula, to gain a safe haven from which to operate, posing a serious threat to Yemen’s stability and to our U.S. national security.”<sup>82</sup> Rep. Ted Deutch (D-FL) has articulated the concerns of some members of Congress about the U.S. CT strategy in Yemen and its effect on the country’s development:

“I am increasingly concerned that our efforts to assist the political transition and aid in economic development are often overshadowed by an overwhelming focus on our security relationship with Yemen [...] As Yemeni security forces struggle to root out terrorists it raises questions about what kind of training and support the United States is providing on the ground. How has our reliance on drone strikes to reach these high-level targets hindered our relations with the Yemeni people, and what exactly is our long-term strategy for Yemen?”<sup>83</sup>

Both Congress and the State Department have lamented the almost singular focus of Yemeni elites on the National Dialogue process that has contributed to reluctance on tackling major structural reforms in Yemen. Many Yemenis also contend that U.S., international assistance, and diplomatic energies have contributed to this singular focus in the political realm as well. With the first phase of Yemen’s transition complete, President Hadi and political forces in Yemen will now have to tackle those kinds of systematic reforms while drafting a new constitution, restructuring the government, and implementing a new federal vision for the country that is acceptable to Yemen’s strong separatist movements.

81 “A Renewed Agenda for U.S.-Gulf Partnership.” U.S. Department of State, February 19, 2014.

82 *U.S. Policy Toward the Arabian Peninsula: Yemen and Bahrain*. Hearing, House Committee on Foreign Affairs, November 19, 2013.

83 *Ibid.*

U.S. assistance rightly supports the consolidation of territorial control by Yemen's national military forces, which is vital to providing the secure space needed for difficult political negotiations and state building. At the same time, criticism of U.S.-backed CT policies in the country have become a national rallying cry for separatist movements—a more holistic approach that depends less on drone strikes is critical to restoring U.S. credibility at a fragile moment in Yemen's democratic transition. Only through reforming the U.S.-Yemen security relationship can the country achieve long-term security, stability, and political and economic development.

## CONCLUSIONS

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**The administration has largely failed to adapt U.S. assistance or policy toward the Middle East and North Africa in response to the dramatic political changes in the region over the past few years.** In general, it is remarkable how little the structure and objectives of U.S. assistance to the region have changed since before the 2011 uprisings. The percentage of U.S. assistance devoted to supporting military and security forces has actually increased since 2010 while the percentage devoted to programming dedicated to democracy and governance has decreased, despite frequent rhetoric from the administration and Congress in 2011 suggesting that the opposite would take place. The top six recipients of U.S. bilateral assistance in 2010 remain the top six recipients of U.S. bilateral assistance today, and in the same order. Although the administration has mobilized \$3.6 billion in assistance to respond to the uprisings of 2011, that response has been ad hoc and reactive, with little or no progress on charting a more permanent overhaul of assistance to the region.

**The establishment of the Near East Affairs Office of Assistance Coordination (NEA/AC), and especially the integration of the Middle East Partnership Initiative (MEPI) into this office, has been met with confusion and suspicion in the democracy community as well as in other parts of the U.S. government.** This move is seen as consolidating the trend over the past few years of MEPI steadily becoming less distinct from the rest of the NEA bureau and losing its identity as a distinct pro-reform supporter of independent civil society. The leadership of the NEA/AC office is largely comprised of senior diplomats without the significant experience in supporting democratic reform that has characterized the leadership of MEPI in the past. It is also widely viewed as strange that an office coordinating assistance among numerous offices that distribute aid would also house one of those particular offices.

**The Middle East and North Africa Incentive Fund (MENA IF) has been abandoned by the administration, and replaced by a new, much smaller MENA Initiative that emphasizes traditional economic development assistance programs rather than political and economic reform.** The MENA IF was initially proposed in 2012 as the administration's signature \$770 million response to the dramatic uprisings and political changes in the region. After failing to attain any funding for the initiative for two years, the administration has given up and shifted toward a new program that would more closely resemble traditional development programs. The new MENA Initiative fund provides some flexible regional funding for democracy assistance, but focuses primarily on areas such as private investment and water resources that are loosely tied to political reform, at best. Finally, the administration of the fund would fall under the guidance of the NEA/AC office, which many democracy advocates do not believe are strong supporters of democracy assistance to the region.

**The U.S. assistance package for Tunisia remains quite small, in contrast to official rhetoric describing the country as “a top priority.”** In FY10, prior to its revolution that ousted Ben Ali, Tunisia was the ninth largest recipient of bilateral U.S. assistance in the region. In the administration's current request, Tunisia remains the ninth largest recipient in the region. While the administration has marshalled some resources from global and multi-country accounts to support Tunisia's transition, it has failed to adapt the aid package to a more sustainable approach that demonstrates a longer-term commitment.

**The administration has demonstrated no coherent policy toward Egypt, neither regarding the aid package specifically nor more broadly.** The U.S. government has struggled desperately to adapt to changing realities in Egypt and has by default attempted to maintain the status quo. This approach has only alienated Egyptians across the political spectrum, while limiting U.S. credibility and leverage even further. Despite widespread acknowledgement of the need to overhaul and modernize the Egyptian aid package, no major changes have been made. There are finally some signs of slowly growing support both inside the administration and within Congress for considering some structural changes to the Egypt aid account, but actually implementing such changes will be difficult and will require political will that until now has been lacking.

**U.S. support for Yemen, and in particular for democracy and governance programming in Yemen, has increased considerably.** U.S. funding to support democracy, governance, and human rights in Yemen has consistently grown, increasing tenfold since 2009. Many politically engaged Yemeni activists now view the success of Yemen's national dialogue and its political transition as top priorities for the United States. Perceptions of the United States across Yemen, however, continue to be undermined by extremely unpopular counterterrorism operations including drone strikes. Furthermore, many democracy advocates involved in the political transition process believe that the U.S. is genuinely trying to play an important supportive role, even if they may have specific criticisms of U.S. policy and tactics.

**Three years after the uprisings of 2011, the administration has had only mixed success in regularizing its assistance to countries in transition.** In 2012 and into 2013, the administration mobilized large amounts of aid to respond to the democratic upheavals in Tunisia, Egypt, Libya, Yemen, and Syria through significant reprogramming and reallocation from multicountry accounts. Such a response was necessary at that time, when funds had not been budgeted ahead of time. By now, the administration should be working to move a greater percentage of assistance to those countries into bilateral accounts to establish a more permanent aid relationship. The administration has just this year made moves in that direction in both Yemen and Syria, but has failed to do so in Tunisia and especially in Libya.

**Support for democracy and governance programming in Syria in this year's request is dramatically increased to \$80 million; if granted, democracy assistance to Syria will be the highest bilateral level in the region.** Democracy practitioners have complained for some time that the administration does not have a clear strategy for supporting democracy and governance activities in liberated areas of the country. The administration moved a substantial amount of Syria assistance into a bilateral account this year, including a large request for democracy assistance, which may signal a step in that direction. This new request, coupled with increasing coordination of Syria assistance by Mark Ward, could bring increased clarity to U.S. democracy programming strategy in the country.



## APPENDIX: DATA TABLES

**TABLE 1: TOTAL ASSISTANCE BY STRATEGIC OBJECTIVE, FY10-FY15  
(IN MILLIONS OF DOLLARS)**

Near East Total	FY10 Actual	%	FY11 Actual	%	FY12 Actual	%	FY13 Actual	%	FY14 POMED Est <sup>1</sup>	%	FY15 Request	%
Peace and Security	4890.7	73.4	5125.0	73.1	6032.8	73.9	5347.1	73.8	5423.0	76.8	5364.4	76.3
Governing Justly, Democratically (GJD)	495.1	7.4	422.0	6.0	473.6	5.8	254.9	3.5	294.9	4.2	406.8	5.8
Investing in People	602.5	9.0	603.5	8.6	580.0	7.1	700.7	9.7	527.9	7.5	504.7	7.2
Economic Growth	614.0	9.2	643.7	9.2	896.9	11.0	803.2	11.1	790.2	11.2	692.5	9.8
Humanitarian Assistance	64.1	1.0	84.1	1.2	101.8	1.2	71.8	1.0	25.5	0.4	11.9	0.2
TOTAL <sup>2</sup>	6666.4	100	7013.3	100	8158.0	99	7243.3	99	7061.5	100	7032.5	99

**TABLE 2: GJD FUNDS BY PROGRAM AREA, FY10-FY15 (IN MILLIONS OF DOLLARS)**

Near East	FY10 Actual	%	FY11 Actual	%	FY12 Actual	%	FY13 Actual	%	FY14 POMED Est	%	FY15 Request	%
Rule of Law and Human Rights	79.7	16.1	77.1	18.3	132.2	28.2	82.3	32.29	94.7	32.1	89.0	21.9
Good Governance	157.1	31.7	134.9	32.0	93.26	19.9	31.5	12.36	64.8	22.0	129.2	31.8
Political Competition, Consensus Building	70.2	14.2	70.9	16.8	55.99	12.0	42.9	16.83	39.9	13.5	66.5	16.3
Civil Society	188.1	38.0	139.1	33.0	186.8	39.9	98.2	38.52	95.5	32.4	122.1	30.0
GJD Total	495.1	100.0	422.0	100.0	468.3	100.0	254.9	100	294.9	100.0	406.8	100.0

1 For Fiscal Year 2014, the FY15 Congressional Budget Justification (CBJ) did not include detailed breakdowns for bilateral assistance by strategic objective, which this report uses to track trends in programming priorities by country. In the absence of this data, the FY14 POMED Estimates listed here and used in the report are calculated by taking the FY14 account estimates provided in the FY15 CBJ, and then distributing those estimates among the various strategic objectives according to the same proportions as requested by the administration for FY14. This approach was modified in a few cases based on private discussions with administration officials to account for anomalies that could distort such estimations. While this method may be imperfect, we believe this to be the best estimate possible using the figures available to us.

2 These totals include a sixth component of assistance (which does not appear in this table) known in the Congressional Budget Justification as "Program Support."

3 Libya receives most assistance to support its political transition through accounts other than traditional bilateral assistance. As a result, the data in these tables significantly underestimate the assistance received by Libya; such assistance is described in the text of this report, but cannot easily be broken down according to the strategic objectives used here.

TABLE 3: BILATERAL FOREIGN ASSISTANCE BY COUNTRY AND BY STRATEGIC OBJECTIVE, FY09-FY15 (IN MILLIONS OF DOLLARS)

Algeria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	1.4	2.4	1.6	2.2	2.5	2.6	2.6
Governing Justly, Democratically (GJD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing in People	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Growth	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Humanitarian Assistance	0.0	6.2	8.2	8.7	6.6	0.0	0.0
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>1.8</b>	<b>8.6</b>	<b>9.8</b>	<b>10.9</b>	<b>9.1</b>	<b>2.6</b>	<b>2.6</b>
Egypt	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	1304.7	1305.7	1304.3	1308.5	1242.2	1307.7	1305.9
Governing Justly, Democratically (GJD)	20.0	25.0	46.5	14.3	19.9	22.4	20.9
Investing in People	119.4	75.9	55.5	52.0	135.4	63.1	56.5
Economic Growth	110.6	149.1	147.4	181.6	84.8	115.4	123.0
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>1554.7</b>	<b>1555.7</b>	<b>1553.7</b>	<b>1556.4</b>	<b>1482.2</b>	<b>1508.6</b>	<b>1506.3</b>
Iraq	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	148.6	60.3	146.4	990.3	516.5	350.7	278.7
Governing Justly, Democratically (GJD)	318.7	286.9	177.5	176.0	46.2	36.8	28.6
Investing in People	17.7	5.1	61.1	46.4	6.2	0.0	0.0
Economic Growth	113.9	62.5	86.8	57.5	20.5	1.5	1.5
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>598.9</b>	<b>414.8</b>	<b>471.8</b>	<b>1270.2</b>	<b>589.4</b>	<b>389.0</b>	<b>308.8</b>
Jordan	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	358.3	380.0	315.9	315.9	296.4	310.5	311.0
Governing Justly, Democratically (GJD)	24.3	26.0	22.0	28.0	25.0	28.0	28.0
Investing in People	192.4	174.5	111.3	93.0	98.0	158.5	94.0
Economic Growth	296.9	262.5	229.0	339.0	441.4	513.5	238.0
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.5	0.0	0.0
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>871.8</b>	<b>843.0</b>	<b>678.2</b>	<b>776.0</b>	<b>861.4</b>	<b>1010.5</b>	<b>671.0</b>

**TABLE 3 (CONTINUED)**  
**(IN MILLIONS OF DOLLARS)**

Lebanon	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	172.6	129.3	101.6	106.4	104.8	95.9	99.0
Governing Justly, Democratically (GJD)	18.3	25.4	21.1	21.0	9.8	21.4	11.5
Investing in People	27.6	48.1	48.8	49.0	46.2	29.7	33.4
Economic Growth	16.6	35.5	14.8	14.7	15.2	18.9	11.3
Humanitarian Assistance	5.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BILATERAL ASSISTANCE	240.1	238.3	186.3	191.1	176.0	165.9	155.2
Libya <sup>3</sup>	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	3.3	0.8	0.0	5.4	8.5	5.4	5.9
Governing Justly, Democratically (GJD)	1.0	0.0	0.0	0.0	9.0	0.5	0.4
Investing in People	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Growth	0.5	0.0	0.0	0.0	5.0	0.0	0.0
Humanitarian Assistance	0.0	0.0	5.7	0.0	0.0	0.0	0.0
TOTAL BILATERAL ASSISTANCE	5.8	0.8	5.7	5.4	22.5	5.9	6.3
Morocco	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	7.2	15.7	15.1	21.6	13.1	15.2	10.9
Governing Justly, Democratically (GJD)	5.0	7.2	9.0	8.6	7.5	7.4	7.2
Investing in People	6.5	6.5	4.5	4.5	6.2	4.5	6.4
Economic Growth	6.5	5.8	5.5	6.5	4.4	7.0	6.4
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BILATERAL ASSISTANCE	25.2	35.3	34.1	41.2	31.1	34.1	30.9
Syria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	0.0	0.0	0.0	0.0	43.5	—	56.0
Governing Justly, Democratically (GJD)	0.0	0.0	0.0	0.0	15.9	—	84.0
Investing in People	0.0	0.0	0.0	0.0	0.0	—	0.0
Economic Growth	0.0	0.0	0.0	0.0	0.0	—	15.0
Humanitarian Assistance	0.0	0.0	0.0	0.0	18.3	—	0.0
TOTAL BILATERAL ASSISTANCE	0.0	0.0	0.0	0.0	77.7	—	155.0

**TABLE 3 (CONTINUED)**  
**(IN MILLIONS OF DOLLARS)**

Tunisia	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	13.8	19.9	20.2	54.3	29.7	34.8	35.5
Governing Justly, Democratically (GJD)	0.3	0.5	2.0	1.6	3.0	3.2	2.9
Investing in People	0.0	0.5	1.6	11.6	10.0	1.6	1.4
Economic Growth	0.5	1.0	1.9	21.8	4.5	26.2	26.2
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>14.6</b>	<b>21.9</b>	<b>25.7</b>	<b>89.3</b>	<b>47.2</b>	<b>65.8</b>	<b>66.0</b>
Turkey	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	7.9	8.2	5.4	4.9	4.3	4.1	4.8
Governing Justly, Democratically (GJD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing in People	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Economic Growth	7.0	0.0	0.0	0.0	0.0	0.0	0.0
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>15.4</b>	<b>8.2</b>	<b>5.4</b>	<b>4.9</b>	<b>4.3</b>	<b>4.1</b>	<b>4.8</b>
West Bank and Gaza	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	233.5	100.7	133.5	60.4	49.3	45.0	51.9
Governing Justly, Democratically (GJD)	36.9	31.6	38.0	56.9	21.2	50.0	35.8
Investing in People	530.7	244.0	292.0	294.0	366.7	255.0	287.1
Economic Growth	121.9	74.5	38.9	62.6	0.0	70.0	55.7
Humanitarian Assistance	104.5	45.1	47.6	36.3	0.0	20.0	10.6
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>1027.5</b>	<b>495.9</b>	<b>550.0</b>	<b>510.2</b>	<b>437.2</b>	<b>440.0</b>	<b>441.0</b>
Yemen	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Peace and Security	5.9	19.6	26.6	31.8	29.0	27.0	32.5
Governing Justly, Democratically (GJD)	4.0	11.0	3.8	23.0	14.0	16.5	39.5
Investing in People	26.0	22.5	21.7	16.0	20.4	15.5	17.5
Economic Growth	4.0	14.5	8.3	7.6	5.0	18.0	15.7
Humanitarian Assistance	2.4	12.7	22.6	56.8	46.4	5.5	1.3
<b>TOTAL BILATERAL ASSISTANCE</b>	<b>42.3</b>	<b>80.3</b>	<b>83.0</b>	<b>135.2</b>	<b>114.8</b>	<b>82.5</b>	<b>106.5</b>

**TABLE 4: GOVERNING JUSTLY AND DEMOCRATICALLY (GJD) FUNDING BY COUNTRY, PROGRAM AREA, FY09-FY15 (IN MILLIONS OF DOLLARS)**

Algeria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Good Governance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Political Competition, Consensus Building	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Civil Society	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GJD Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Egypt	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	10.2	2.6	10.3	0.8	8.1	7.5	10.3
Good Governance	2.5	2.0	8.8	5.9	7.2	7.5	3.5
Political Competition, Consensus Building	0.0	0.0	21.3	1.3	3.0	4.6	2.4
Civil Society	7.3	20.4	6.1	6.2	1.5	2.8	4.7
GJD Total	20.0	25.0	46.5	14.2	19.9	22.4	20.9
Iraq	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	46.6	33.3	12.0	68.8	27.3	25.3	17.1
Good Governance	143.6	117.4	89.6	44.5	4.5	4.5	4.5
Political Competition, Consensus Building	41.0	52.6	23.2	14.5	3.3	4.5	4.5
Civil Society	87.5	83.6	52.7	48.2	11.1	2.5	2.5
GJD Total	318.7	286.9	177.5	135.4	46.2	36.8	28.6
Jordan	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	5.8	7.5	8.0	6.0	6.0	8.0	8.0
Good Governance	8.3	3.0	3.0	4.0	0.0	6.0	6.0
Political Competition, Consensus Building	4.5	5.0	3.0	10.0	5.5	5.0	5.0
Civil Society	5.8	10.5	8.0	8.0	13.5	9.0	9.0
GJD Total	24.3	26.0	22.0	28.0	25.0	28.0	28.0

**TABLE 4 (CONTINUED)**  
**(IN MILLIONS OF DOLLARS)**

Lebanon	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	7.6	13.7	10.0	10.0	0.0	10.0	0.2
Good Governance	4.6	5.1	7.5	5.1	5.0	5.7	6.5
Political Competition, Consensus Building	2.1	0.6	1.4	1.3	0.0	0.8	0.0
Civil Society	5.6	6.0	2.2	4.6	4.7	4.9	4.8
GJD Total	19.8	25.4	21.1	21.0	9.8	21.4	11.5
Libya	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	0.3	0.0	0.0	0.0	0.0	0.5	0.4
Good Governance	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Political Competition, Consensus Building	0.0	0.0	0.0	0.0	9.0	0.0	0.0
Civil Society	0.2	0.0	0.0	0.0	0.0	0.0	0.0
GJD Total	1.0	0.0	0.0	0.0	9.0	0.5	0.4
Morocco	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	0.0	0.0	3.0	0.0	0.3	0.5	0.0
Good Governance	2.8	3.7	3.0	5.5	0.0	1.0	0.0
Political Competition, Consensus Building	1.0	0.8	1.0	1.0	2.2	3.0	2.0
Civil Society	1.2	2.7	2.0	1.5	5.0	2.9	5.2
GJD Total	5.0	7.2	9.0	8.0	7.5	7.4	7.2
Syria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	0.0	0.0	0.0	0.0	5.4	—	9.0
Good Governance	0.0	0.0	0.0	0.0	0.0	—	40.0
Political Competition, Consensus Building	0.0	0.0	0.0	0.0	0.0	—	20.0
Civil Society	0.0	0.0	0.0	0.0	10.5	—	15.0
GJD Total	0.0	0.0	0.0	0.0	15.9	—	84.0

**TABLE 4 (CONTINUED)**  
**(IN MILLIONS OF DOLLARS)**

Tunisia	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	0.2	0.2	0.8	0.4	3.0	1.6	1.0
Good Governance	0.2	0.2	0.5	0.5	0.0	0.9	0.7
Political Competition, Consensus Building	0.0	0.0	0.4	0.4	0.0	0.3	0.7
Civil Society	0.0	0.2	0.5	0.5	0.0	0.4	0.5
GJD Total	0.3	0.5	2.0	1.7	3.0	3.2	2.9
Turkey	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Right	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Good Governance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Political Competition, Consensus Building	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Civil Society	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GJD Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West Bank and Gaza	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	2.0	8.8	18.8	30.8	18.3	21.0	19.1
Good Governance	16.5	14.2	12.6	19.2	2.9	23.0	14.8
Political Competition, Consensus Building	1.7	0.1	0.3	0.0	0.0	0.0	0.0
Civil Society	16.7	8.6	6.3	6.8	0.0	6.0	1.9
GJD Total	36.9	31.6	38.0	56.9	21.2	50.0	35.8
Yemen	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 POMED Est	FY15 Request
Rule of Law and Human Rights	0.0	0.0	0.9	5.0	2.5	4.0	2.5
Good Governance	1.7	7.6	1.4	4.0	5.0	6.5	26.0
Political Competition, Consensus Building	0.9	0.6	1.0	12.0	5.0	3.0	5.0
Civil Society	1.3	2.8	0.5	2.0	1.5	3.0	6.0
GJD Total	4.0	11.0	3.8	23.0	14.0	16.5	39.5

