

THE FEDERAL BUDGET AND APPROPRIATIONS FOR FISCAL YEAR 2016

DEMOCRACY, GOVERNANCE, AND HUMAN RIGHTS
IN THE MIDDLE EAST AND NORTH AFRICA



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DEMOCRACY



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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.

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ABBREVIATIONS

CBJ	Congressional Budget Justification
DRL	Bureau of Democracy, Human Rights, and Labor, U.S. Department of State
ESF	Economic Support Funds
FMF	Foreign Military Financing
GJD	Governing Justly and Democratically
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
MCC	Millennium Challenge Corporation
MENA	Middle East and North Africa
MEPI	Middle East Partnership Initiative, U.S. Department of State
MER	Middle East Regional, USAID
MET	Office of Middle East Transitions, U.S. Department of State
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NEA	Bureau of Near Eastern Affairs, U.S. Department of State
NEA/AC	Office of Near East Affairs Assistance Coordination, U.S. Department of State
NED	National Endowment for Democracy
NERD	Near East Regional Democracy
OCO	Overseas Contingency Operations
OMEF	Office of Middle East Programs, USAID
OTI	Office of Transition Initiatives, USAID
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

In 2011, dramatic uprisings swept across the Middle East and North Africa, forcing several of the region's authoritarian rulers from power and bringing hopes that the stagnation and despotism that have long dominated Arab politics would give way to more accountable, responsive, and democratic governments. Four years later, those hopes have largely vanished, as democratic transitions have been replaced by resurgent authoritarianism and widespread violent conflicts.

In terms of the U.S. approach to the region, the picture is similar: in 2011, many hoped for a fundamental re-orientation of U.S. policy that would support the emergence of accountable, democratic governments as the best opportunity both for sustaining stability in the region and for preserving U.S. interests. Four years later, these hopes have essentially vanished, with the U.S. government returning to the corrupt bargain of partnering closely with repressive regimes in pursuit of stability that characterized the pre-2011 era.

As the U.S. government has increasingly focused on partnering with repressive authoritarian regimes in the fight against the Islamic State, the ability of the United States to effectively support democracy, governance, and human rights in the region has diminished. The U.S. is even less willing to undertake any measures opposed by authoritarian U.S. allies in the region and has less energy and resources to devote to issues beyond the military and security realm. Although the current overall trajectory of the United States on issues of democracy and governance in the region is not encouraging, there are nonetheless some positive signs that can be built on in the future, including an overdue increase in aid to support Tunisia's transition, as well as a number of steps to regularize assistance mechanisms to adapt to changes underway since 2011.

Key findings:

U.S. policy and foreign assistance in the Middle East and North Africa is currently becoming even more dominated by military and security issues. The emergence of the Islamic State as a new regional security threat has refocused top-level U.S. government attention on military approaches to security issues. A higher proportion of U.S. assistance to the MENA region today is budgeted for military and security assistance than was the case in 2010, despite public discussion in 2011 of "rebalancing" aid to the region in the opposite direction. The increased attention and resources on military and security issues have also clearly diverted high-level policy attention away from support for democracy and human rights in the region.

The efforts of governments across the region to crack down on independent civil society have had a significant effect on U.S. policymakers. Across the region, Arab governments are using a variety of tools to harass, impede, restrict, threaten, and shut down independent civil society organizations. These efforts have had a profound effect on many organizations, with some being forced to close down, cease operations, or work from outside the country. In addition, U.S. government support for independent civil society has become much more cautious than in the past, driven by both a desire to avoid antagonizing allied host governments and a fear of endangering local participants in programming.

U.S. democracy and governance programming in the MENA region is shifting its focus toward issues of governance at the local level rather than the national level. Over the past year or more, there has been a steady move in the direction of more U.S. support for democracy and governance programming focused on the local rather than national level. This attention on local governance can be important in laying the groundwork for democratic change from the ground up. In the longer term, however, if such efforts are to ultimately succeed in fostering democracy, they must be accompanied by moves to pressure national governments to empower local institutions.

The FY16 budget demonstrates a welcome effort to regularize U.S. assistance mechanisms rather than continuing to rely on ad hoc and reactive funding instruments. Since 2011, the administration has continually struggled to align assistance with rapidly changing regional realities. In the FY16 budget, the administration has obviously made efforts to consolidate funding into more permanent accounts and structures. These changes should facilitate better planning and coordination of assistance efforts and also relieve policymakers from scrambling each year to cobble together unspent funds from other accounts, while reducing frustrating uncertainty for recipients of assistance in such countries.

This year's budget request doubles bilateral assistance allocated for Tunisia, a deserved and overdue step. In the FY16 budget, the administration doubles its bilateral request for Tunisia to \$134.4 million, which includes proposed funding increases for democracy and governance programming, economic growth initiatives, as well as security assistance. While this is an important step, further increases to Tunisia's aid package remain warranted, as well as the signing of a multi-year Memorandum of Understanding (MOU) to govern assistance, as the U.S. government has done with key allies in the region including Israel, Egypt, and Jordan.

Some important preliminary steps have finally been taken that could open the door to important changes to the U.S.-Egypt assistance relationship. Recent White House announcements on military aid to Egypt including two potentially important steps that could pave the way for a long-overdue modernization of the U.S. military aid package to Egypt: the end of cash flow financing privileges and the creation of four new categories for U.S. military aid to Egypt: counterterrorism, border security, maritime security, and Sinai security. These changes should also make the assistance relationship more flexible in the future, allowing for further reforms in response to unexpected events in the country.

U.S. policymakers are increasingly interested in domestic political issues in Algeria, driven by uncertainty regarding President Bouteflika's health and the future of the country's leadership. Algeria has never been a large recipient of U.S. assistance, and most forms of democracy and governance programming are difficult if not impossible to carry out. Nonetheless, there is a growing sense among officials, analysts, and implementers that some sort of political transition is essentially already underway in the country, due to Bouteflika's failing health. U.S. officials are taking an increasing interest in Algeria, motivated in part by a desire not to repeat the mistakes made by U.S. policymakers in Egypt and elsewhere who were caught entirely unprepared for political changes in 2011.

INTRODUCTION

The 2011 Arab uprisings showed that corrupt, stagnant, authoritarian regimes in place across the region could not maintain stability indefinitely through repression. Now, after four challenging years of political change and upheaval, most countries have seen resurgent authoritarianism, extreme violence, or both. This is by no means a new trend for revolutions globally, but it has nonetheless deflated much of the hope that the 2011 revolutions inspired in the Arab world and beyond. Tunisia remains the only case in which democratic consolidation has begun to take root, though it still faces enormous challenges that could yet derail the country's hard-fought progress.

The rise of violent extremist groups such as the Islamic State has seemingly caused that lesson—that stability cannot be bought indefinitely through alliances with repressive allies—to fade from the memory of the United States and other Western countries. The habit of Western democracies maintaining extremely close relationships with authoritarian governments for cooperation on strategic interests has resurfaced, particularly in places like Egypt and the Gulf. Countries enlisting in the fight against terrorism have once again been given carte blanche to arrest opposition members, trample freedom of expression and association, and stifle civil society. Yet, this strategy seems certain to only breed further radicalism while the underlying issues—poor governance, lack of opportunities, closed political space—remain unaddressed and in many cases are worsening.

The United States and much of the West insist that they remain engaged across the region while political space is constricted, and indeed such engagement is crucial. One significant component of that engagement is through

foreign aid. The Middle East and North Africa has long been the largest recipient region of U.S. foreign assistance in the world, averaging more than \$7 billion in U.S. aid annually. However, real questions remain about the goals and the impact of such assistance. What are the goals and objectives of U.S. foreign assistance amid increasingly closed political environments? How have those goals changed in the face of failing transitions and increasingly hostile governments? And what is the impact of U.S. assistance on the prospects for genuine democracy in the region?

By examining the federal budget and appropriations for the Middle East and North Africa, this report aims to address those questions. It seeks to analyze and assess the U.S. administration's budget request for Fiscal Year 2016 in terms of spending and foreign aid 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 2016, as well as a discussion of relevant developments in Congress over the past year, including the appropriation of funds 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 approach 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 civil society activists and democracy advocates from across the region.

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

As memory of the Arab world’s dramatic popular uprisings of 2011 has faded, most of the countries that saw democratic openings in 2011 have now either reverted to even harsher, more repressive authoritarianism than was in place before 2011 or descended into violent conflict. Despite widespread rhetoric from U.S. officials in 2011 and 2012 acknowledging the need for U.S. policy to change in response to the dramatic changes in the region, four years later, U.S. policy now appears to have largely regressed to the policies of the pre-2011 era.

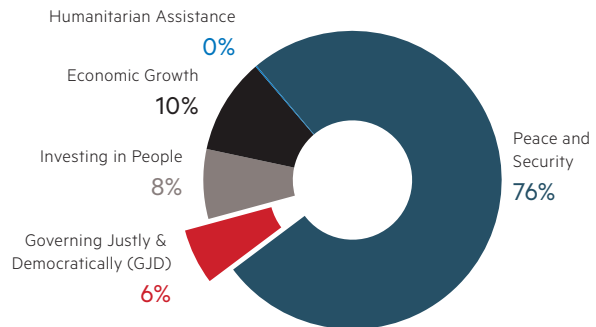
This is evident in the U.S. administration’s public rhetoric, in the nature of its diplomatic relationships, in its prioritization of countries and issues in the region, in the ever-larger sales of arms and weaponry to the region’s authoritarian regimes, and quite clearly in an examination of the package of U.S. foreign assistance to the region. In 2010, the year prior to the Arab Spring uprisings, the United States provided \$6.7 billion in foreign assistance to the Middle East and North Africa: 73 percent for military and security assistance and 7.4 percent for democracy and governance programming. The 2016 budget request seeks \$7.3 billion in assistance to the region, with 76 percent designated for military and security assistance and six percent for democracy and governance. It is remarkable just how little these numbers have changed during a turbulent period of dramatic political changes in the region—and equally remarkable that the very small shifts that have taken place are exactly the opposite of what many U.S. policymakers called for in 2011: the balance of U.S. aid to the region, tilted heavily for decades in favor of military and security assistance, has only moved further in that direction.

In addition, the distribution of aid among the various countries in the region has also been remarkably stagnant as well. The five countries in the region that were the largest recipients of U.S. assistance were, in order: Israel, Egypt, Jordan, the West Bank and Gaza, and Iraq. The first five recipients remain in that order in the FY16 budget request, although Syria has now

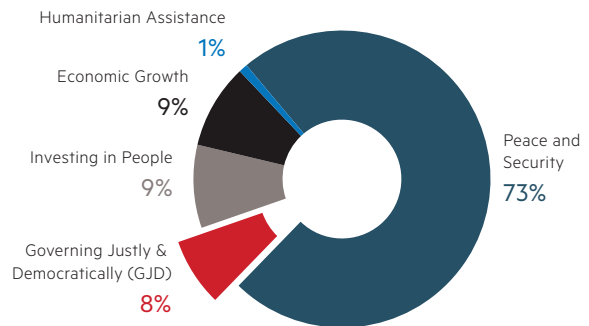
moved into sixth place. Tunisia has finally moved up very slightly, from having been the ninth largest recipient in the region in 2010 to the eighth largest in the FY16 budget request, due to a substantial and overdue increase in bilateral assistance. Yemen and Libya, where widespread armed conflict has broken out, rank ninth and eleventh respectively according to the FY16 request.

The current budget request designates \$442 million for democracy and governance programming in the Middle East and North Africa, which represents an 8.8 percent increase over the FY15 request. But taking a longer view, the FY16 request for such programming is actually 10.6 percent less than the FY10 level of \$495 million. In FY16, Syria, Jordan, Tunisia and Iraq are each proposed to receive significant increases in democracy and governance funding, though a \$20 million funding cut for democracy funding to Egypt is proposed as well.

FY16 REQUEST BY OBJECTIVE, MENA



FY10 ACTUAL BY OBJECTIVE, MENA

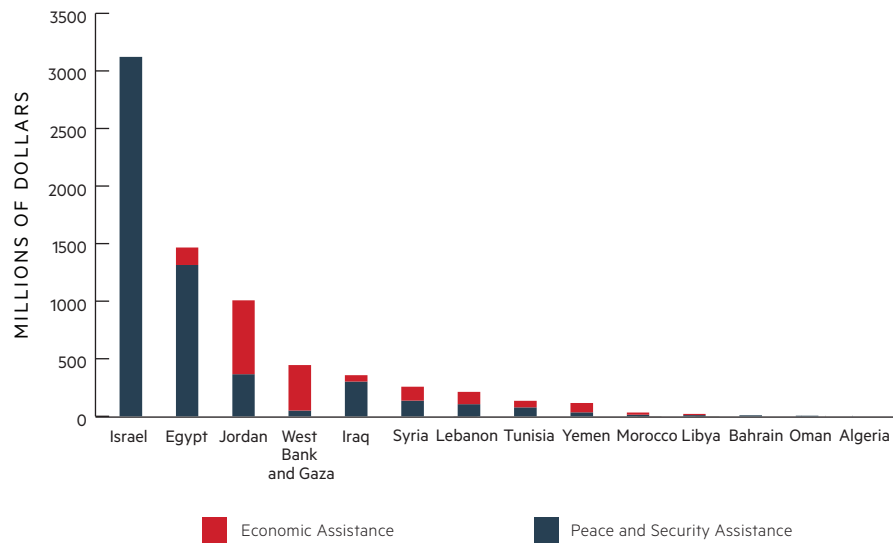


I. THE BROWNBACK AMENDMENT

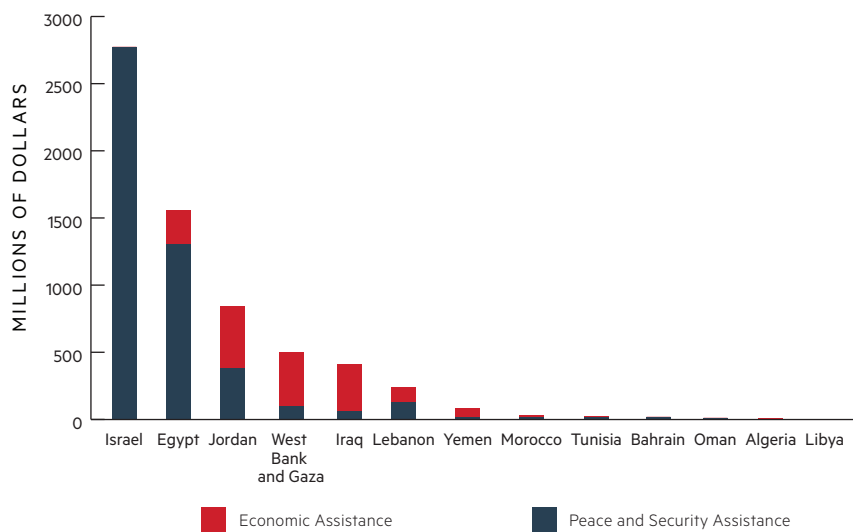
While the numbers in the administration's budget request primarily indicate stagnation, there remain several clauses in the text of the budget request that would represent significant regression on U.S. support for democracy and governance globally. The first of those is the

administration's second consecutive effort to weaken longstanding legislative language ensuring that U.S. funding and support for democracy and governance programming be provided without seeking prior approval from the host government. Since FY09, the annual appropriations act has each year included global language asserting that "with respect

FY16 REQUEST FOR BILATERAL MILITARY AND ECONOMIC ASSISTANCE



FY10 ACTUAL BILATERAL SPENDING FOR MILITARY AND ECONOMIC ASSISTANCE



to the provision of democracy, human rights, and governance activities, the organizations implementing such assistance, the specific nature of that assistance, and the participants in such programs shall not be subject to the prior approval by the government of any foreign country.” This language was adapted globally from language initially focused on U.S. support for civil society in Egypt, proposed as an amendment by then-Senator Sam Brownback (R-KS) and passed in 2004 in reaction to efforts by the Government of Egypt to dictate which organizations could receive outside support. As such, this provision of law is often referred to as the “Brownback amendment” or simply the “Brownback language.”

In FY15, the administration’s budget request recommended removing the language altogether, and officials insisted that this move was simply out of a broad desire “that Congress remove restrictions and requirements that constrain flexibility to manage foreign policy, are overly burdensome, and/or are unnecessary due to policy or procedures already in place.”¹

But in reality, the Brownback language does exactly the opposite—it *preserves* the U.S. administration’s flexibility rather than constraining it. Removing this language from law would open the door for host governments to exercise veto power over which pro-democracy actors and civil society organizations the U.S. government can support and work with abroad. That veto power is what would limit the flexibility of the U.S. administration, giving it fewer choices and options in its democracy and governance programming.

The FY16 budget requests a softer change to the Brownback language rather than removing it entirely. The longstanding law states that democracy, human rights, and governance assistance programs “shall not be subject to the prior approval by the government of any foreign country.” The administration’s newly proposed

language (mirroring language found in the September 2014 Presidential Memorandum on Civil Society)² states that “the Secretary of State should oppose, through appropriate means, efforts by foreign governments to dictate the nature of United States assistance for civil society.”³

Although on the surface, this language appears to convey the same spirit as the existing Brownback language, it is fundamentally weaker and would erode the strength of the law entirely. If passed into law, the newly proposed language would no longer prohibit the U.S. administration from seeking prior approval from foreign governments regarding the nature of and participants in U.S. democracy and governance programming. Instead, it would merely encourage the Secretary of State to “oppose” such efforts by foreign governments through whatever means deemed “appropriate.”

Unfortunately, it is entirely realistic that the Secretary of State could determine in some instances that the “appropriate means” for opposing such efforts would consist of allowing foreign governments prior approval over U.S. democracy programming while simply expressing rhetorical opposition to the practice.

Furthermore, the new language also includes a subtle but important legal distinction, as it proposes introducing this section with the word “should,” indicating a *suggestion*, instead of “shall,” indicating a *requirement*. So in reality, the administration would not even be required to oppose efforts by foreign government to dictate the nature of U.S. assistance to civil society in any way.

In response to our criticism in this report a year ago, some U.S. officials argued that we were reading too much into the language of the budget request, and that the proposed removal of the Brownback language in the FY15 budget request was not the result of a conscious policy decision

¹ Dettmer, Jamie. “Obama’s Budget Fails Democracy Promotion Abroad.” *The Daily Beast*, June 12, 2014 <http://www.thedailybeast.com/articles/2014/06/12/obama-s-budget-fails-democracy-promotion-abroad.html>

² “Presidential Memorandum - Civil Society.” The White House, September 23, 2014. <http://www.whitehouse.gov/the-press-office/2014/09/23/presidential-memorandum-civil-society>

³ “Department of State and Other International Programs.” The White House. <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/sta.pdf>

but merely a procedural request encouraged by State Department lawyers to maximize flexibility and to maintain a “separation of powers,” which often characterizes administration efforts to resist any legislative constraints.

First, while it may be the case that the proposed removal of the Brownback language in the FY15 budget did not result from a policy discussion, the new language proposed this year as a replacement for the Brownback language does certainly appear to be the result of a conscious policy decision. And it is therefore disappointing that the administration would propose language expressing goals similar to the existing Brownback language while subtly stripping that language of the force of law. Secondly, there is clear irony in the administration’s stance on the “separation of powers,” as this proposed change suggests that the U.S. administration is more troubled by perceived constraints imposed by the U.S. Congress than it is by real constraints imposed by foreign governments.

Some officials further argued that this should not be interpreted as indicating any desire to give foreign governments control over U.S. support for civil society, which is perplexing given that the only accomplishment of the proposed legal change would be that the administration would be legally permitted to cede that control to foreign governments if it chooses.

Other officials argued differently, that the existing law is in fact too restrictive and that it may not always be adhered to, because the U.S. government does in some cases wish to seek prior approval from foreign governments over the nature of democracy programming. This would indeed be troubling, but would only justify stricter adherence to the law rather than weakening it. Furthermore, other administration officials have attested that the existing Brownback language has regularly been invoked in conversations with foreign governments in order to insist on the U.S. ability to provide support and funding to civil society

organizations without their counterparts’ approval.

Fortunately, Congressional appropriators rejected the administration’s request to strip out the Brownback language in FY15. With another attempt to undermine the strength of the Brownback language in FY16, Congress should once again resist any change and renew the law unchanged. The record is clear—this language has been and remains an important legislative provision that protects the U.S. government’s ability to independently support civil society around the world. This should be a clear area of agreement between Congress and the administration. Furthermore, the appropriate congressional committees should consider exercising additional oversight to ensure that administration policy is fully compliant with this provision of law in all cases.

II. LANGUAGE ON RESTRICTING ASSISTANCE FOLLOWING MILITARY COUPS

The second change in legislative language proposed in the FY16 budget request is a recommended change to longstanding restrictions on the provision of U.S. assistance following a coup d’état against a democratically elected government. Section 7008 of the FY15 appropriations act states that if “the government of any country whose duly elected head of government is deposed by military coup d’état or ... decree in which the military plays a decisive role” then direct foreign assistance to that government will be immediately suspended. Assistance can only be fully resumed after “a democratically elected government has taken office.”⁴

The administration proposes language in the FY16 budget request that would allow for the restoration of aid if “the provision of assistance is in the national interest of the United States,” regardless of whether a democratically elected government had taken office or not.⁵

⁴ The Consolidated Appropriations Act, 2015,” H.R. 83, Public Law 113-235, U.S. Congress, December 16, 2014. <https://www.congress.gov/113/plaws/publ235/PLAW-113publ235.pdf>; For example, subsequent to September 2014 elections in Fiji, the United States re-initiated security assistance and lifted restrictions on U.S. financing assistance to the Government of Fiji that were put in place following the 2006 coup. <http://www.state.gov/r/pa/ei/bgn/1834.htm>

⁵ “Department of State and Other International Programs.” The White House. <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/sta.pdf>

Congressman David Cicilline (D-RI) asked about this proposed change in March 2015:

“[T]he administration is seeking a change in U.S. law, a law that has been in place for about three decades which requires the suspension of U.S. aid in the event of a coup d’état against a democratically-elected government. As you know, this section has been applied many times in places like Fiji and Mali and Thailand and Madagascar and provided an incentive for power to return swiftly to the democratically-elected governments. And so I would like to hear a little bit about what is the justification for proposing this national interest waiver and what kind of signal might that send and should we be concerned about sending to governments that have come to power by military coup and foreign ministries globally, especially in this moment?”⁶

Assistant Secretary of State for Near Eastern Affairs Anne Patterson replied, “[W]e would seek the most flexibility we have in the interpretation of the law. And there was a recent issue in our part of the world in which we had, you know, shall I say some difficulty in making

that determination.”⁷ This response clearly refers to the administration’s efforts to avoid a straightforward application of this law following the Egyptian military’s removal of Mohamed Morsi from power in July 2013. In hindsight, it appears that the administration’s approach in that instance was clearly unsuccessful in ensuring the restoration of democracy in Egypt and as such is not a compelling argument for weakening the law (see the section on aid to Egypt for more detail).

If the administration’s proposed language were to be adopted, it would effectively amount to a waiver of the restrictions of Section 7008 following a coup d’état. As is the case with other laws containing such national security waivers, the executive branch routinely exercises such waivers in a manner that effectively renders the requirements in U.S. law meaningless. The default position of the United States should be in opposition to the overthrow of elected governments by militaries. Congress should renew Section 7008 without introducing an effective waiver, in order to protect its power to influence U.S. foreign policy and uphold American values and principles.

⁶ “Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” Subcommittee on the Middle East and North Africa of the House Committee on Foreign Affairs, March 18, 2015. <https://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

⁷ The administration ultimately decided it was not required to make a public determination as to whether the events in July 2013 in Egypt constituted a military coup for the purposes of Section 7008, but it took steps to restrict assistance consistent with that provision. The administration applied this same policy to events in Honduras in 2009. See “Questions for the Record Submitted to Acting Assistant Secretary Elizabeth Jones by Chairman Ed Royce.” House Committee on Foreign Affairs, October 29, 2013. <http://www.gpo.gov/fdsys/pkg/CHRG-113hrg85312/pdf/CHRG-113hrg85312.pdf>

MAJOR INITIATIVES: MULTI-COUNTRY ACCOUNTS AND PROGRAMS

I. MIDDLE EAST PARTNERSHIP INITIATIVE (MEPI) AND THE OFFICE OF NEA ASSISTANCE COORDINATION (NEA/AC)

Two years ago, the Office of Near East Affairs Assistance Coordination (NEA/AC) was created by NEA Assistant Secretary Patterson to improve coordination of assistance to the region across the government. This office also absorbed the previously independent office of the Middle East Partnership Initiative (MEPI), a move that sparked significant debate and concerns both inside and outside of government. After two years of “growing pains,” it does appear now that NEA/AC has started to more clearly define its role in developing strategy for foreign assistance to the region. It does not appear, however, that this role has yet been effectively communicated to outside stakeholders—including Congress and democracy organizations outside of government. Furthermore, there are indications that initial fears that the merger with NEA/AC would lead to a continued diminishing of MEPI’s role may have been justified.

The administration’s budget for FY16 requests \$70 million for MEPI, a renewal of the level requested in FY15. However, interviews with policymakers for this report have revealed that MEPI’s actual level of spending will be reduced quite significantly below \$70 million, perhaps to as low as \$40 million. (A precise figure for FY15 was not yet available at the time of publication.) Administration officials suggested that a lower level of funds programmed by MEPI in FY15 is not the result of a deliberate effort to reduce MEPI’s budget, but rather a strategic decision based on how best to program remaining available funds across the various mechanisms under the direction of NEA/AC.

The FY16 budget request for MEPI will continue to support active citizen engagement in government, promoting political competition, improving the regulatory environment for small and medium enterprises, and supporting political and social freedoms in the face of repression and conflict. Up to \$8.5 million will support MEPI’s

Local Grants Program and targeted exchanges such as MEPI’s Student Leaders and the Leaders for Democracy Fellowship. In addition, Congress is likely to renew its earmark of \$10 million of MEPI’s funding for scholarships. MEPI has also undertaken programming of \$3 million and \$3.5 million in funding for Bahrain in FY14 and FY15, respectively, which Congress earmarked under general ESF the past two fiscal years.

As was noted in previous editions of this report, MEPI has been recently reorganized to fall under the guidance and management of a new office created in 2013 in the State Department’s Bureau of Near Eastern Affairs (NEA), the Office of NEA Assistance Coordination (NEA/AC). That office coordinates programming across MEPI and works closely with posts, USAID’S Middle East Bureau, and other relevant bureaus in the planning, design, monitoring, and evaluation of activities under MEPI. MEPI activities will conform to joint assistance strategies and will be complementary to other State Department and USAID regional and bilateral activities.

MEPI’s Local Grants Program is one of its comparative advantages in relation to other assistance mechanisms in the U.S. government and includes direct local grants in Yemen, Tunisia, Morocco and Egypt, with a smaller amount for local grants in Algeria. The local grants are managed by political officers in each embassy and are coordinated by an office in Rabat and the Gulf. Some congressional staff have expressed concerns of too much dependence on local grants, as the kinds of activities they support depend on the political will of the current ambassador at each post to avoid supporting only non-confrontational programs.

In the Gulf, the assistance office in Abu Dhabi is in the process of closing and moving to another country. This office has long supported local grants focusing on economic reform in the GCC and Yemen, as well as some programming in the

Levant. At the same time, the State Department made an alarming policy decision in October 2013 to attempt to prohibit international democracy organizations from continuing any programming in the GCC states, whether such programming is supported by State Department funds or not. Some organizations have been able to continue democracy and governance programming in the Gulf through funding from nongovernment sources.

Previous years' reports have raised serious concerns regarding MEPI's reorganization within the NEA/AC office and the potential impact on MEPI's identity as an agile, politically independent assistance tool, as well as a pro-reform policy voice within NEA at the State Department. NEA officials concede that the office has been experiencing "growing pains" over the last two years, but those efforts have led to strengthened evaluation efforts and enhanced strategic development and budget clearance processes. They state that for assistance coordination purposes, housing planning and programming management in one place has allowed for greater efficiency of operations across mechanisms. They have added that the experience of staff in managing assistance programming is invaluable when working to coordinate assistance through various offices and mechanisms.

There have also been widespread concerns that NEA/AC staff would no longer specialize in reform-focused projects as had been the case when MEPI had its own staff, and that NEA/AC staff would now be responsible for coordinating a wide variety of assistance programs, including security assistance, with which they may lack experience. Officials have responded that the specialization has in a sense shifted from being functional to geographic, in that a staff member will now be responsible for coordinating and overseeing implementation of assistance to only one country, rather than a group of four or more countries as was the case under MEPI previously. One positive example administration officials pointed to in this regard is Syria, where staff who possess a big-picture view of civilian assistance, the train-and-equip program, and political developments on the ground can

best coordinate assistance to Syria through a comprehensive approach. Another country where MEPI has played a strong role since 2011 is Tunisia, where it has provided more than \$50 million in democracy and governance programming over the last four years, as USAID programming in the country has been focused more on economic growth.

Other concerns related to this reorganization include fears that MEPI may be losing its identity as a strong pro-reform voice within the State Department's Bureau of Near Eastern Affairs (NEA). One reason for bringing MEPI under the umbrella of NEA/AC was to achieve "policy conformity" within NEA—for MEPI and other assistance mechanisms. Within the pro-democracy community, this is widely understood to mean that MEPI's programming will be forced to "conform" to NEA's policy goals, with very little of the reverse—MEPI influencing those goals in a pro-reform direction—taking place. Administration officials assert that their programs aim to promote reform in the region, though are more selective and based on rigorous assessment of efficacy in influencing reform on the ground, in line with administration policies. Congressional staff have expressed concerns that this approach may be transforming MEPI into an "augmented public diplomacy shop" that will not fund the kind of bold programming it has in the past, including in hostile environments.

Congressional staff and the democracy promotion community alike repeat another continued frustration with NEA/AC and MEPI: the lack of clear lines of communication and consultation with stakeholders outside of the executive branch. More than two years after the formation of the office, many congressional staffers complain of inadequate briefings and explanations of the NEA/AC office and what impact that reorganization has had on MEPI's work. When the NEA/AC office was set up, it was often compared by administration officials to the Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE) that was established in the early 1990s. That office, under the direction of Richard Holbrooke, was characterized by a series of regular consultative dialogues with implementers and experts in

the democracy promotion community; this approach was also employed in Afghanistan and Pakistan as well. In contrast, voices in the democracy community complain that open communication and engagement from the NEA/AC Office is near zero, with no real consultation with outside voices.

Looking ahead, MEPI's role will continue to evolve, likely with a greater emphasis on direct local grants to civil society (rather than large international NGOs) and a reduced overall budget. Some policymakers suggest that MEPI's future annual budget could be on par with other multi-country accounts in the region, such as USAID's Middle East Regional (\$40 million) and the Near East Regional Democracy Fund (\$32 million). MEPI also increasingly resembles those accounts in other ways, as it no longer has a separate team of dedicated staff. Responsibility continues to lie with the NEA/AC leadership to bring increased clarity to its role in the interagency process, to increase communication and consultation with outside stakeholders on assistance strategies to the region, and to develop a clear strategy that capitalizes on MEPI's comparative advantages in programming.

II. USAID MIDDLE EAST REGIONAL (MER)

Following the evacuation of personnel from USAID's Office of Middle East Programs (OMEP) from the U.S. Embassy in Cairo in July 2013, USAID integrated staff from the Middle East Bureau's Office of Technical Services (ME/TS) and new regional civil society networks into new multi-country platforms and offices. Historically, the OMEP office had managed a number of regional, multi-country programs that emphasized addressing transnational challenges that were often related to border security, with little programming focus on civil society or good governance programs. The FY16 budget request includes \$40 million for USAID Middle East Regional (MER) funding, which aims to fill those roles traditionally played by OMEP, while also expanding into new areas such as GJD programming.

The term "Middle East Regional" as used by USAID is largely a bureaucratic and budgetary heading referring to an allocation of funds to USAID for the MENA region outside of the bilateral assistance packages to specific countries. The MER is not a self-contained program or initiative fully run by its own designated staff, but it is an important stream of funding more flexible than USAID-administered funds from bilateral country accounts. The MER funds allow USAID to carry out regional or multi-country programs, as well as programs in countries lacking a USAID Mission and/or a significant bilateral assistance package.

Nearly one-third of USAID missions are now located in "non-permissive environments." In FY14, with security threats increasing across the Middle East and North Africa, USAID established a Middle East Regional Platform in Frankfurt, Germany, to ensure staff safety and security, while maintaining continuity of operations in the region.⁸ The Frankfurt platform provides backstop support to missions in the region and has also provided space for staff evacuated from missions or embassies, such as Iraq, Libya, and Lebanon (and possibly Yemen soon, as well).

As compared with staff operating out of Washington, staff based in Frankfurt have the advantage of being in the same time zone as many countries in the region, which allows for easier communication with U.S. government personnel on the ground at diplomatic missions and USAID missions, and also with local partners or the local offices of implementing organizations. In addition, the location in Frankfurt also allows for easier travel to countries in the region when compared to doing so from Washington. Of course, these same advantages would be enjoyed by basing the office in the region, but the U.S. administration has learned repeatedly that offices based in the region can be forced to close or evacuate due to security concerns and/or pushback from the host government.⁹

⁸ "FY 2016 Congressional Budget Justification for Foreign Operations (Appendix 2)," U.S. Department of State, February 27, 2015. <http://www.state.gov/documents/organization/238221.pdf>

⁹ At least three regional platforms based at U.S. embassies in the region have been forced to close for such reasons in the past few years: OMEP in Cairo, and the MEPI offices in Tunis and Abu Dhabi, in addition to outright closures of other diplomatic and aid missions in Libya and Yemen.

USAID has eight MENA-focused staff currently in Frankfurt, three of whom support bilateral operations (one for Iraq, one for Lebanon, and one for Libya). The FY16 request estimates a total of 24 U.S. direct hire staff for the Middle East Regional Platform, of whom three would be designated for Yemen, two for Iraq, two for Libya, and one for Lebanon. The specific number and type of bilateral positions are subject to change based on conditions in the region.

MER is coordinated by USAID's Middle East Bureau and implements regional activities that complement bilateral foreign assistance initiatives. Funding for MER has quietly but steadily increased over the years. Its predecessor, OMEP, received an annual budget of \$5.5 million in FY09; that budget was increased to \$17.7 million in FY13, \$30 million in FY14 and FY15, and now \$40 million is requested for FY16. Of the \$40 million requested for FY16, \$1.2 million is designated for peace and security, \$8 million for GJD, and the remaining \$30.8 million is for other economic assistance programs and management expenses.

\$770 million (in FY12) and \$580 million (in FY13) requests for the MENA Incentive Fund shifted to a \$225 million request for a regional MENA Initiative fund in FY14; Congress never provided any funding for either of these initiatives, instead directing funds to a multi-country Middle East Response Fund (MERF) for the administration to use to respond to unexpected changes in the region. As this response fund has been phased out, the administration has both increased bilateral allotments of funds for countries previously dependent on the MERF and also increased funds for the MER within USAID.

\$20 million, or half of the FY16 request for MER, is marked for the ME/TS office, which informs USAID's work in the region through needs analyses and assessments; program planning, design, and evaluation; strategic planning; compliance with regulatory requirements; and

implementation of USAID Forward reforms. MER funding will also support regional water, health, and gender-based violence programming.

Of the \$40 million request, \$5 million is designated for continued support to Civil Society Innovation Centers, which were announced as part of President Obama's September 2014 "Stand with Civil Society" initiative.¹⁰ The FY16 request acknowledges, "[T]he ability of civil society to operate in many countries in the region is constrained by the legal and policy environment and by the lack of effective strategies to engage their governments. USAID will focus on increasing the operating space for civil society in the region, and enhance the participation and leadership of women within civil society."¹¹

In the FY09 version of this report, POMED observed that "democracy and governance issues are less of a focus for OMEP... and some funds classified as GJD for anti-corruption might be more accurately considered counterterrorism funding." The goals and programming of MER have shifted considerably by focusing more on technical support and analysis, as well as contributing 20 percent of its FY16 budget to GJD funding—with an important focus on providing support to a Civil Society Innovation Center hub to be established in the region.

The FY09 version of this report also described OMEP as having been "eclipsed during the Bush administration by new programs such as MEPI, for which the FY09 budget requests approximately sixteen times as much funding as OMEP."¹² With MEPI funding at \$70 million and MER funding at \$40 million in the FY16 request, the two multilateral mechanisms (along with NERD, MERC, and MEM¹³) are approaching more equal footing in terms of budgets, although the structure and staffing of these respective offices differ considerably and are in flux.

¹⁰ "Factsheet: U.S. Support for Civil Society," The White House, September 23, 2014. <https://www.whitehouse.gov/the-press-office/2014/09/23/fact-sheet-us-support-civil-society>

¹¹ "FY 2016 Congressional Budget Justification for Foreign Operations (Appendix 2)," U.S. Department of State, February 27, 2015. <http://www.state.gov/documents/organization/238222.pdf>

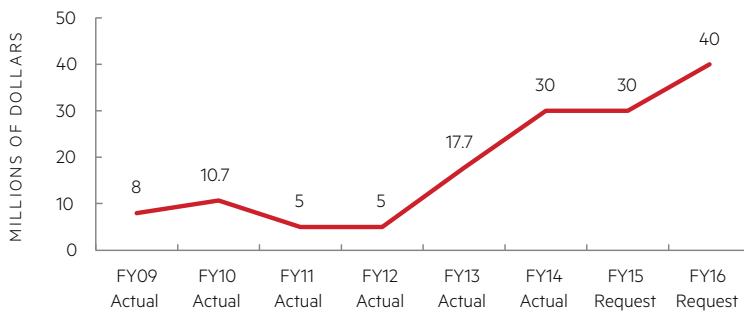
¹² McInerney, Stephen, "The President's Budget Request for Fiscal Year 2009: Democracy, Governance, and Human Rights in the Middle East," POMED, May 2008. <http://pomed.org/wp-content/uploads/2008/05/FY2009-Budget-Report.pdf>

¹³ The Middle East Multilaterals initiative was established following the 1991 Madrid peace conference to provide multilateral support to the Arab-Israeli peace process.

The considerable growth of the MER program appears to give USAID a source of funds more flexible than those funds that USAID programs out of bilateral ESF accounts, strengthening its ability to respond and adapt to changes on the ground in the region. This ability also appears to be complemented by the new USAID presence in Frankfurt, which should provide a stable base close to the region and refuge for staff forced out of countries by instability.

granted DRL funding greater than that requested by the administration—although the level of funds granted had also declined somewhat prior to FY15, when Congress earmarked \$75.5 million for DRL’s global programming, the highest level since 2010. In some circles, this administration’s persistence in requesting a lower level of funding each year for DRL than that granted by the Congress (and often less than the administration’s previous year request

USAID OMEP/MER FUNDING LEVELS, FY09-16



as well) has helped fuel a narrative that the Obama administration has been growing steadily less interested in and committed to supporting democracy and human rights abroad.

In addition to modest decreases in budget, the number of mandates that DRL has assumed has increased at the same time, putting a strain on its resources. As Congress has included more earmarks for programs focused on topics including Internet freedom, disabilities, LGBT rights,

anti-Semitism, and gender-based violence, DRL has been tasked with implementing those directives and cobbling together the requisite funds to support those programs.

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

The State Department’s Bureau of Democracy, Human Rights, and Labor (DRL) has long been the policy lead within the U.S. government for advancing human rights and democracy. Perhaps best known for the State Department’s annual human rights reports, DRL also carries out foreign assistance programs focused on its goals of supporting democracy, governance, human rights, and labor abroad.¹⁴ DRL has long focused on providing assistance in non-permissive environments, in contrast to USAID programming that more often requires host government cooperation.

In addition to DRL’s request as a State Department bureau in the CBJ, it is also given responsibility for programming funds allocated in other ESF accounts. In the MENA region, these include ESF allocated under the NERD heading, as well as regular transfers from ESF designated for Iraq and Syria. Altogether, after this process, DRL is responsible for programming as much as \$130-140 million globally each year.

In this year’s budget request, DRL’s programming budget is proposed at \$60 million, the same level requested in FY15. Throughout the Obama administration, there has been a steady decline in the level of funding requested specifically for DRL. Despite this fact, Congress has continually

The FY16 request of \$60 million includes \$9 million for DRL’s Global Internet Freedom (IF) programs. IF is supplemented by \$7 million from NERD and \$2 million from USAID’s Bureau for Democracy, Conflict, and Humanitarian Assistance for a cumulative FY16 request of \$18 million. In the FY15 appropriations bill, Congress included a \$50.5 million earmark for “programs to support Internet freedom globally.”¹⁵ DRL is

¹⁴ “Congressional Budget Justification: Foreign Operations, Appendix 2.” U.S. Department of State, Fiscal Year 2016. <http://www.state.gov/documents/organization/238221.pdf>

¹⁵ “Consolidated and Further Continuing Appropriations Act, 2015.” Public Law 113-235, December 16, 2014. <https://www.congress.gov/113/plaws/publ235/PLAW-113publ235.pdf>

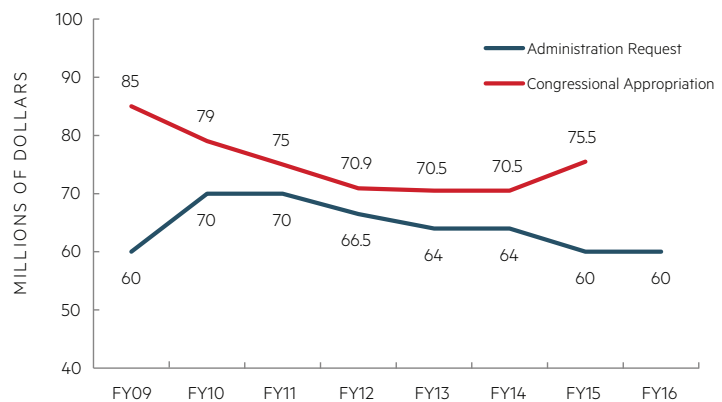
mandated to implement the IF program but is still piecing together funds for FY15, as only \$17.5 million (from the Broadcasting Board of Governors’ budget) of that \$50.5 million has been identified as of yet; the remaining \$33 million must come from a variety of sources to meet the total required.

DRL’s FY16 request also includes \$6 million for rapid response programs, including: Lifeline (providing emergency assistance to civil society organizations); Dignity for All (for LGBT activists); Justice Defenders (to assist human rights lawyers); Protection for Journalists Initiative (to provide training on how to operate safely in difficult environments); and the Global Gender-Based Violence Initiative (for survivors of the most egregious cases of gender-based violence).¹⁶ Lifeline provides emergency assistance to CSOs when they are threatened or attacked because of their advocacy work, as well as funding for short-term initiatives that allow CSOs—at local, regional, and international levels—to fight back against regulatory and extralegal barriers.¹⁷ Since its creation in 2011, DRL officials report that Lifeline has provided targeted assistance to 603 CSOs operating in 90 challenging countries.

DRL has long sought to position itself as an agile, flexible assistance mechanism able to quickly respond to events on the ground and work in difficult environments. For example, DRL reconfigured its Iraq strategy after the emergence of the Islamic State, and re-competed \$17.5 million in awards in the summer of 2014 (for more detail, see the Iraq country section of this report). DRL fills an important niche by working with civil society based inside Syria. (Other aid mechanisms focus on supporting political and armed opposition groups.) Finally, DRL has sustained some limited civil society work in non-permissive environments, working with NGOs from Egypt and the Gulf through its Human Rights Defenders Fund.

As more and more countries in the region become “non-permissive” in their attitudes and policies toward outside support of civil society, the role of DRL in continuing to provide such assistance is one of its important comparative advantages. More broadly, as DRL takes on more policy mandates to provide global assistance on issues seen as controversial or threatening by repressive governments around the world—including LGBT rights, Internet freedom, anti-Semitism, and gender-based violence—policymakers should provide the resources necessary to keep up with demand. Closing the huge gap between DRL’s annual budget request and its actual budget will be a key step to regularize the bureau’s budget and its ability to conduct its important work, rather than diverting attention to constantly seek out and patch together funds from other budget sources.

DRL FUNDS: REQUESTED VS. GRANTED, FY09-16



IV. NEAR EAST REGIONAL DEMOCRACY PROGRAM

Little has changed about the Near East Regional Democracy (NERD) program since it was established in March 2009 to support democracy and human rights in the region, principally in Iran. The establishment of the NERD program was generally viewed as a response by the Obama administration to

¹⁶ “Congressional Budget Justification: Foreign Operations, Appendix 2.” U.S. Department of State, Fiscal Year 2016. <http://www.state.gov/documents/organization/238221.pdf>

¹⁷ “Lifeline: Embattled Civil Society Organizations Assistance Fund.” U.S. Department of State, September 23, 2013. <http://www.state.gov/r/pa/prs/ps/2013/09/214567.htm>

specific criticisms of the Bush administration's Iran Democracy Fund, while acknowledging the need to continue to support efforts toward democracy in Iran. Of course, democracy and governance programming cannot be conducted inside Iran; thus, the program focuses primarily on activities that do not require an in-country presence: support for media, technology, and Internet freedom, as well as conferences and trainings for Iranian activists that take place outside Iran.

NERD program funding levels have modestly decreased over time. In FY10, the Obama administration requested \$40 million, then \$35 million in FY11 and FY12. Funding requests fell to \$30 million for both FY13 and FY14, though the government spent slightly more each year: \$30.8 million and \$32 million, respectively. The FY15 request sought \$30 million as well, and the FY16 request duplicates that level. Most of the reductions to the NERD account have come from the gradual reduction of funding devoted to the civil society subheading, which has fallen from \$26 million in FY12 to \$21 million in the FY16 request. This account had for the past several years been jointly administered by the State Department and USAID, but it will be overseen solely by the Assistance Coordination Office in State's NEA Bureau beginning this year.

The budget request outlines a number of activities to be supported by this program, including \$7 million intended to support Internet freedom programming to "enhance the safe, effective use of communication technologies," and \$5 million to support civil society capacity-building. Another \$7 million in assistance will provide advocacy and awareness training to increase respect for universal human rights principles, and up to \$5 million will support activities that "address human rights abuses and lack of due process and access to justice."¹⁸

NERD funding is not legally required to be spent within Iran or any other particular country, but congressional sentiment that NERD funds be committed to supporting democracy in Iran has historically been strong. At the outset of the 2011 Arab uprisings, some observers suggested that the NERD program might be a source of support for democratic transitions amid congressional efforts to cut international affairs funding globally for FY11. But the idea was scuttled as it became clear that shifting any NERD funds to countries other than Iran would likely spark a significant backlash from Congress. According to some, this strong congressional sentiment has become a political statement of opposition to the regime in Tehran, and the fund is therefore unlikely to be cut significantly in the near future.

Given the rapidly closing space for democracy and governance work in other MENA countries, NERD programming is beginning to be seen as an effective model of work that could be emulated in other closed environments in the region since it is implemented discreetly and offshore. Of course, part of the reason for such an approach in Iran is the lack of any U.S. presence or diplomatic relationship with the Iranian government—it is deeply troubling to see the U.S. government also forced to resort to similar tactics in countries whose governments are among the closest U.S. allies.

It is unclear how a potential nuclear deal between the P5+1 and Iran will impact democracy and human rights activities directed toward Iran, including through the NERD. President Obama has said the United States will be in a "stronger position" to address human rights and terrorism issues "if the nuclear issue has been put in a box."¹⁹ Conceivably, a nuclear accord could eventually pave the way for some democracy and governance programming to take place inside Iran following the lifting of some sanctions, though that is unlikely in the near future.

¹⁸ Congressional Budget Justification, Foreign Operations" U.S. Department of State, 2015. <http://www.state.gov/documents/organization/238222.pdf>

¹⁹ Friedman, Thomas. "Iran and the Obama Doctrine." *New York Times*, April 6, 2015. <http://www.nytimes.com/2015/04/06/opinion/thomas-friedman-the-obama-doctrine-and-iran-interview.html>

V. NATIONAL ENDOWMENT FOR DEMOCRACY

Created by Congress in 1983, the National Endowment for Democracy (NED) is a nongovernmental institution originally founded to strengthen democratic institutions globally. Although the NED is not part of the U.S. government, it receives nearly all of its funding in an annual congressional appropriation and is subject to congressional oversight. Bipartisan support from both Congress and the administration has been consistent over the years, and it is one of the very few international affairs institutions that is routinely granted funds by Congress well in excess of the level requested in the administration's budget—even in a tight budget climate.

After a brief drop in FY13 funding to \$111.8 million (down from \$118 million in FY11 and FY12) due to the federal budget sequester, Congress allocated a considerable budget increase to \$135 million in FY14, and maintained this level again in FY15. This represents a 30 percent increase over the administration's FY14 budget request (\$103.45 million) and a 21 percent increase over the final level allocated for FY13. This also represents the eighth consecutive year in which Congress has granted funds to the NED in excess of the administration's request. \$100 million of this money is to be devoted to the "traditional and customary manner," which includes support for the core institutes—the International Republican Institute (IRI), the National Democratic Institute (NDI), the Center for International Private Enterprise (CIPE), and the Solidarity Center. The remaining \$35 million

is designated for other democracy, human rights, and rule of law programs. The administration has again requested \$103.5 million for FY16, yet Congress is likely to continue its trend of granting funds in excess of this amount due to strong bipartisan support for the institution on Capitol Hill.

NED support for the work of independent civil society has become especially important amid growing reluctance by U.S. government agencies to support independent organizations undertaking work that may be considered controversial or politically sensitive by host governments. Despite growing restrictions in many countries, civil society organizations throughout the region maintain a strong need and desire for outside assistance, even in the most restrictive environments. This support is essential for providing key demographics with the skills needed to make a positive impact when the space begins to reopen.

Like other institutions working to support democracy in the region, the NED has worked to adapt to rapid changes on the ground in the past year; that has been especially true in Yemen and in Libya. Although the NED can play a constructive role in building support for democratic values armed conflicts—and has done so, for example in Syria and in Iraq—the role in such situations is challenging and inherently different from the support provided during peaceful political transitions. As such, the NED has been forced to quickly rethink its engagement in these countries as armed conflict has supplanted nonviolent transitions.

A CLOSER LOOK: BILATERAL ASSISTANCE BY COUNTRY

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 or less). Seven countries in the Middle East host USAID missions and significant programs: Egypt, Iraq, Jordan, Lebanon, Morocco, the West Bank and Gaza, and Yemen. Despite some discussion of opening a permanent USAID mission in Tunisia and an office in Libya to administer large-scale assistance packages since 2011, the administration has not moved forward in this regard in either country. Bilateral assistance to these nine countries is discussed in detail in the sections below, along with three other countries: Algeria, Bahrain, and Syria. Algeria’s bilateral assistance package is quite small and limited primarily to security cooperation, though the country merits discussion as the country’s domestic political situation has attracted increased attention, including from U.S. policymakers. Bahrain receives only a modest level of bilateral security assistance, but the country is included here because the relationship between that assistance and sales of arms and weaponry to the Government of Bahrain and the domestic political situation in that country have been a focus of Congress since 2011. Given the hostile relationship between the U.S. and Syrian governments, Syria has not been a recipient of bilateral U.S. assistance, but the administration has requested \$255 million allocated specifically for Syria for the coming fiscal year.

I. ALGERIA

On the surface, the re-election of President Abdelaziz Bouteflika to a fourth consecutive term in April 2014 seemed to indicate a continuation of the one-party rule that has characterized Algeria for decades. Accusations of widespread fraud and boycotts from much of the opposition were discouraging signs for observers who may have been hoping for a political opening in the country. But, Bouteflika’s failing health—he

reportedly voted while wheelchair bound and did not appear publicly for his campaign—has raised significant questions about who is really running Algeria and who will assume power if he is unable to survive his term.

Meanwhile, concerns mount that the government is ignoring endemic problems of poverty and unemployment. For example, a recent spate of protests against a government oil fracking plan in the country’s south directly challenged the government in a region that feels largely marginalized and that contends its resources are being stolen to benefit the north. The government must also contend with a myriad of security and terrorism issues, including al-Qaeda in the Islamic Maghreb militants and smugglers, as well as spillover from neighboring conflicts in Libya and Mali. Yet there are also some modest positive signs in the country as well, including the presence of active labor unions and a quiet but growing civil society. In addition, a bit more public political discourse and discussion including some criticism of various actors within the regime has slowly begun to emerge in the Algerian press.

To be sure, Algeria does not receive a large amount of bilateral assistance from the United States. The country receives no bilateral allocation of democracy and governance funding, mainly due to an extremely restrictive environment that makes such work challenging. Interestingly, however, the country is increasingly the recipient of small-scale democracy funding from multi-country initiatives including MEPI and DRL. Although such funding remains quite modest in scope, it has been slowly and steadily increasing, accompanied by clearly increasing interest in issues of domestic political issues in the country by U.S. policymakers. The only other bilateral economic aid the country received from the United States has come in the form of approximately \$30 million in humanitarian assistance during the period from FY10-13.

U.S. aid to Algeria consists almost entirely of a modest security assistance package. Identical to

the FY14 and FY15 requests, the FY16 request seeks \$2.6 million in assistance evenly split between International Military Education and Training (IMET) professionalization courses and Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) law enforcement capacity-building. Key objectives for this aid include modernizing the Algerian security sector and disrupting terrorist networks to foster greater regional stability.

Security cooperation is a common thread throughout all bilateral exchanges. The communique resulting from the April 2015 strategic dialogue session focused on regional security, combatting terrorism, and advancing nonproliferation.²⁰ Bouteflika's April 2014 meeting with Secretary of State John Kerry, just weeks before his re-election, focused on similar themes.

More significant than the existing bilateral aid relationship is a growing sense among officials, analysts, and implementers that some sort of political transition is already underway in the country, due to Bouteflika's health. U.S. officials are taking an increasing interest in Algeria, motivated in part by a desire not to repeat the mistakes made by U.S. policymakers in Egypt and elsewhere who were caught entirely unprepared for political changes in 2011.

II. BAHRAIN

In November 2014, Bahrain held its first regular elections for parliament since the uprising that began in the country in 2011. The poll's legitimacy was highly disputed between the government and opposition and has only deepened the political polarization in the country. While Bahrain struggles to find a political solution at home, the Kingdom has joined Operation Inherent Resolve to attack Islamic State positions in Iraq and Syria, and it

has also hosted an international conference on countering terrorism finance.

After years of formal and informal negotiations between the government and the opposition failed to produce a comprehensive agreement, the Crown Prince announced a unilateral reform and redistricting plan. One month later, the National Democratic Opposition Parties (NDOP) announced their decision to boycott the polls, calling the elections an attempt to establish "absolute rule in Bahrain," and arguing that the parties had no choice given the continued lack of democratic reform and ongoing human rights violations.²¹

In his September 2014 confirmation hearing, U.S. Ambassador-designate to Bahrain William Roebuck called for "a successful political compromise that allows these political societies to participate in the upcoming elections [as] the surest signal of Bahrain's progress towards reform and reconciliation."²² On the eve of the polls, a Bahraini court ordered a three-month suspension of the opposition al-Wefaq Party, a move the U.S. State Department said "runs contrary to fostering an environment of political inclusion," and also added its disappointment in "the opposition's decision to boycott the elections."²³ Nonetheless, after the elections, the State Department congratulated the country on the elections as "an important opportunity to address the legitimate aspirations of all Bahrainis."²⁴

The administration's policy shift around the elections is characteristic of its broader policy on Bahrain over the last four years—marked by a gradual but steady lowering of the bar on expectations for political reforms in the country. Before he assumed his official role in the country, Ambassador Roebuck staked out a position of calling for a political compromise first that would then allow political societies to participate in elections. Yet, when negotiations

²⁰ "Joint Communique on the U.S.-Algeria Strategic Dialogue." U.S. Department of State, April 8, 2015. <http://www.state.gov/r/pa/prs/ps/2015/04/240481.htm>

²¹ "The National Democratic Opposition Parties' Declaration to Boycott Parliamentary and Municipal Elections." National Democratic Opposition Parties, October 10, 2014. <http://alwefaq.net/cms/2014/10/11/32826/>

²² "Testimony of William Roebuck." Senate Foreign Relations Committee, September 10, 2014. http://www.foreign.senate.gov/imo/media/doc/Roebuck_Testimony.pdf

²³ "Daily Press Briefing." U.S. Department of State, October 28, 2014. <http://www.state.gov/r/pa/prs/dpb/2014/10/233460.htm>

²⁴ "Elections in Bahrain." The U.S. Department of State, November 30, 2014. <http://www.state.gov/r/pa/prs/ps/2014/11/234504.htm>

to reach that compromise failed, the State Department backtracked and called for the opposition to participate in the elections anyway.

The Bahraini government touted a 51 percent official turnout for the elections, a figure that could not be independently verified.²⁵ In a shift away from the traditional parliamentary blocs that have dominated the Council of Representatives in regular elections since 2002, only four of the 40 members of parliament were formally affiliated with any political party whatsoever.²⁶ A study by Harvard University's Electoral Integrity Project found that Bahrain's parliamentary elections were among the five worst elections worldwide held in 2014.²⁷

After the elections, the government moved broadly against dissident voices through a series of steps, including: shutting down al-Wefaq's general assembly in December 2014, stripping political dissidents of their citizenship, charging the Secretary-General of al-Wefaq for "inciting a change of government by force" amongst other charges, sentencing another senior al-Wefaq member "for disrupting the electoral process" after tweets alleging bribery in the candidate selection process, and arresting Bahraini human rights leader Nabeel Rajab twice for tweets as "insulting a public institution."

The U.S. State Department expressed its deep concern for the arrest of al-Wefaq leader Sheikh Ali Salman as a move that "will only inflame tensions"²⁸ and publicly called for the dropping of charges and release of Nabeel Rajab from prison.²⁹ Senator Marco Rubio (R-FL) also called on Secretary of State John Kerry to "personally urge the government of Bahrain to immediately

release [al-Wefaq Secretary General Ali Salman] as well as other Bahraini citizens who have been arrested for merely exercising their God-given rights to freedom of expressions and assembly, and to drop all charges against them."³⁰ Yet Salman, al-Wefaq Shura Council President Sayed Jameel Khadim, and Nabeel Rajab remain in prison, among thousands of other political prisoners, including a number of prominent members of political groups and societies who have been jailed since 2011. One exception to this overwhelmingly negative trajectory was the release of prominent Bahraini human rights defender Maryam al-Khawaja from prison in October 2014, although she was later sentenced to one year in prison in absentia.

The elections took place in an environment of mistrust between the opposition and the government, as well as strained relations between the U.S. and Bahraini governments. During a July 2014 visit to Bahrain, Assistant Secretary of State Tom Malinowski was declared *persona non grata* and expelled from the country after meeting with opposition representatives without the presence of a Bahraini government official. The State Department reiterated its view that such a move ran "contrary to our longstanding bilateral relationship and in violation of international diplomatic protocol," though no public consequences were had.³¹ Days later, two leaders of the opposition party al-Wefaq were charged for "contacting a representative of a foreign government in violation of the political associations law."³² In August 2014, the Bahraini government also denied Rep. Jim McGovern (D-MA) and a Human Rights First delegation entry to the country. Only after the parliamentary elections were held was Assistant Secretary

²⁵ "Controversy clouds first Bahrain vote since uprising." *Daily Mail*, November 23, 2014. <http://www.dailymail.co.uk/wires/afp/article-2845009/Bahrain-goes-polls-Shiite-opposition-boycotts.html>

²⁶ Gengler, Justin. "Electoral rules (and threats) cure Bahrain's sectarian parliament." *Washington Post*, December 1, 2014. <http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/12/01/electoral-rules-and-threats-cure-bahrain's-sectarian-parliament/>

²⁷ "Afghanistan, Syria and Bahrain the worst elections of 2014." The Electoral Integrity Project, Harvard University, February 17, 2015. <http://www.hks.harvard.edu/news-events/news/press-releases/afghanistan-syria-and-bahrain-the-worst-elections-of-2014>

²⁸ "Detention of Sheikh Ali Salman in Bahrain." U.S. Department of State, December 31, 2014. <http://www.state.gov/r/pa/prs/ps/2014/12/235570.htm>

²⁹ "Daily Press Briefing." U.S. Department of State, April 10, 2015. <http://www.state.gov/r/pa/prs/dpb/2015/04/240577.htm>

³⁰ "Letter from Senator Marco Rubio to Secretary of State John Kerry on the detention of Sheikh Ali Salman." Senator Marco Rubio (R-FL), January 6, 2015. <http://pomed.org/wp-content/uploads/2015/01/1-6-2015-Letter-to-Kerry-re-Bahrain-HR-Salman-Arrest.pdf>

³¹ "Statement on the Decision by the Government of Bahrain to Find Assistant Secretary Malinowski *Persona Non Grata* and To Expel Him From Bahrain." U.S. Department of State, July 7, 2014. <http://www.state.gov/r/pa/prs/ps/2014/07/228839.htm>

³² "Bahrain charges opposition leader over meeting with U.S. diplomat." Reuters, July 10, 2014. <http://www.reuters.com/article/2014/07/10/us-bahrain-usa-alwefaq-idUSKBN0FF1ZI20140710>

Malinowski's trip to the country rescheduled for December 2014, during which he characterized the elections as "a real opportunity to move forward."³³

Bahrain has not traditionally been a large recipient of U.S. aid and has historically received only limited amounts of bilateral security assistance. In this year's budget request, the administration requested \$8.6 million in bilateral aid for Bahrain, entirely for various forms of security assistance: \$7.5 million for Foreign Military Financing (FMF), \$700,000 for IMET programming, and \$400,000 NADR programs. The administration noted that "without Bahrain's partnership, the United States would require additional deployed military assets to defend against external threats in the Gulf region," and therefore offered additional FMF to increase Bahrain's interoperability with the Gulf Cooperation Council (GCC) and U.S. networks. In addition, the NADR funding is intended to assist Bahrain in responding to domestic security and terrorist threats.

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 had allocated a specific amount for such activities in the country. This \$3 million in funding will be used to supplement and incorporate Bahrain into existing regional democracy programs. In the Explanatory Statement accompanying the FY15 appropriations act passed in December 2014, Congress renewed that earmark and increased it to \$3.5 million, which will be directed to fund Bahrain-specific activities in programming later this year.

In last year's report, we noted the narrow defeat of a proposed amendment to the FY15 National Defense and Authorization Act (NDAA) calling for a threat assessment and contingency plan for U.S. personnel in the country. Rep. Hank Johnson (D-GA) resurrected that amendment in

the FY16 NDAA process, which was successfully adopted by the committee in the House version of the bill in May 2015. Section 1066 of the current House version of the bill would require the Secretary of Defense to assess the current security situation in the country and the impact that increased internal instability could have on U.S. personnel, as well as an analysis of viable alternative locations for both the United States Naval Forces Central Command and the United States Fifth Fleet in the event of an increase in instability.³⁴ The Senate has not yet released its version of the FY16 NDAA bill; as such, it remains unclear whether the final NDAA bill will include this Bahrain language from the House bill.

Further, policymakers continue to maintain a hold that has been in place since 2011 on a number of security assistance items, 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. The Bahraini government has actively lobbied Congress to push the administration to lift the holds placed on items that do not require congressional notification immediately, as well as to begin to work promptly to resolve those that do, to send "a strong message of support to our allies in the region."³⁵ Some members of Congress have opposed lifting those holds in the absence of meaningful reform—especially amid continued backsliding—by the Bahraini government.

III. EGYPT

The political environment in Egypt has rapidly deteriorated over the past year, as President Abdelfattah al-Sisi and his government have escalated the level of domestic political repression. While Sisi has presided over some initial economic reforms and called for a religious revolution to fight extremism, attacks against Egyptian security forces have multiplied across the country, particularly in the Sinai Peninsula. Sisi has openly warned of a collapse of the state

³³ "Bahrain Press Availability with Assistant Secretaries Malinowski and Patterson." U.S. Embassy Manama, December 4, 2014. <http://www.humanrights.gov/dyn/2014/12/press-availability-in-bahrain-with-assistant-secretaries-malinowski-and-patterson/>

³⁴ "National Defense Authorization Act for Fiscal Year 2016." House Committee on Armed Services, May 1, 2015.

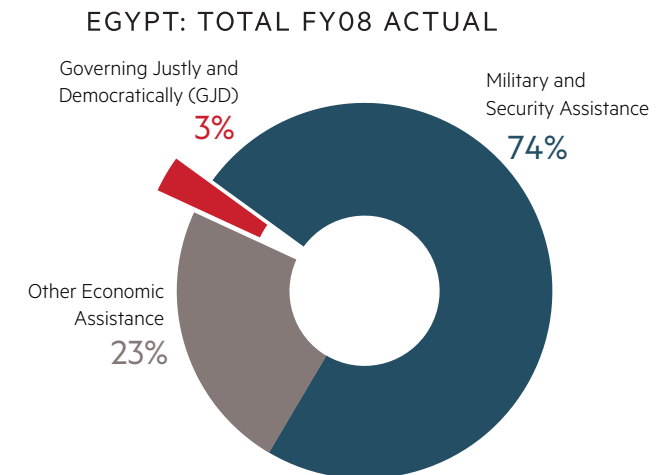
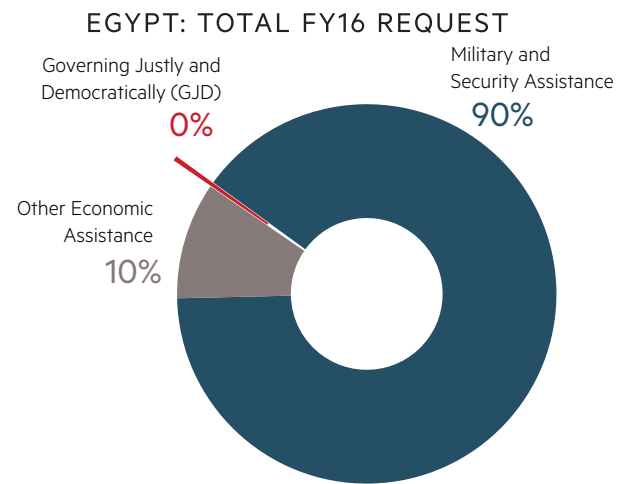
³⁵ Pecquet, Julian. "Bahrain asks Congress for help in restoring arms sales." Al-Monitor, March 25, 2015. <http://www.al-monitor.com/pulse/originals/2015/03/bahrain-suspended-arm-sales-congress-help.html>

and has sought support from the Gulf to shore up the Egyptian economy and from the West to acquire new military equipment.

The Egyptian government has yet to complete the roadmap it announced in July 2013. A court ruling in March 2015 declared the laws regulating the upcoming parliamentary elections unconstitutional, and the elections were subsequently postponed. Even when the elections are held, it appears impossible they could be recognized as “free and fair” while 176 of the members of Egypt’s democratically elected parliament that was dissolved in June 2012 remain in Egyptian prisons, or while political space remains closed to critics or opponents of President Sisi and his government.³⁶ In the meantime, President Sisi has passed 94 laws by decree, all of which are to be reviewed by the parliament whenever it is finally seated.³⁷ The demonstrations law, anti-terror legislation, and harsh new penalties for NGOs that accept foreign funding are among those that have drawn widespread criticism both from those Egyptian activists and organizations who are willing to speak out, as well as from the international community.

The Egyptian judiciary has doled out a number of startling sentences to Muslim Brotherhood members, youth activists, and journalists. Former president Mohamed Morsi was referred to receive the death sentence in May 2015, along with 104 co-defendants accused of being members of Hamas.³⁸ In April 2015, 183 Muslim Brotherhood supporters were sentenced to death for their alleged role in the killing of 16 police officers in 2013. Muslim Brotherhood Supreme Guide Mohamed Badie and 13 other defendants were sentenced to death for charges of “resisting the state and spreading chaos.” After being detained for more than one year on charges of aiding terrorist efforts, Al Jazeera journalist Peter Greste of Australia was released from prison and deported in January 2015; his colleagues Mohamed Fahmy and

Baher Mohamed have been released on bail but are barred from leaving the country pending a retrial. Activists Alaa Abdel Fattah, Ahmed Douma, and Ahmed Maher remain behind bars for violating the protest law. Yara Sallam of the Egyptian Institute for Personal Rights (EIPR) was also arrested for illegal protesting, and Social Popular Alliance activist Shaimaa al-Sabbagh was killed by police on the fourth anniversary of the January 25 Revolution. American citizen Mohamed Soltan was sentenced to life in prison for allegedly financing public protests and spreading false news. Altogether, the Arabic Network for Human Rights Information (ANHRI) reported that 42,000 political detainees and 63 journalists were held in Egyptian prisons



³⁶ “The U.S. is Complacent as Egypt Repeats its History of Repression.” *Washington Post*, January 29, 2015. http://www.washingtonpost.com/opinions/the-us-is-complacent-as-egypt-repeats-its-history-of-repression/2015/01/29/d07fe6fc-a716-11e4-a2b2-776095f393b2_story.html

³⁷ “Legislation Timeline.” Tahrir Institute for Middle East Policy, 2015. <http://timep.org/legislationtimeline/>

³⁸ “Mohammed Morsi, Egypt’s ex-leader, sentenced to death.” *BBC*, May 16, 2015. <http://www.bbc.com/news/world-middle-east-32763215>

by the end of 2014.³⁹ Incredibly, Secretary of State John Kerry noted his confidence in Egypt’s independent judiciary during a visit to Cairo in September 2014.⁴⁰

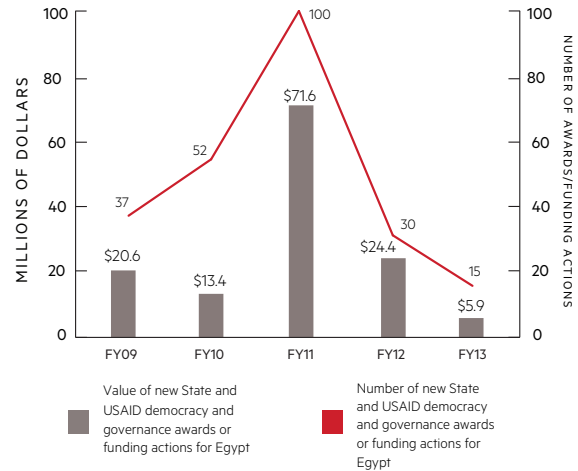
Civil society in Egypt—and especially the segment of civil society willing to work on controversial issues related to domestic politics or the rights abuses of the Sisi regime—is now under threat to an unprecedented degree. Many organizations that emerged and were able to function despite the repression of the Mubarak era have now been forced to reduce their activities, cease operations, or move outside the country. International donors and supporters of civil society have become extremely reluctant to take the risks required to continue work with Egyptian partners. The Sisi government has shown a willingness to “use more brutal tactics in attacking NGOs, while also learning to diversify its methods to include lower-profile techniques that may be just as effective while drawing less international reproach.”⁴¹

\$1.46 billion is requested by the administration for assistance to Egypt in FY16. Of that amount, the administration seeks to renew the amount of FMF, and reduce the amount of ESF to Egypt to \$150 million. Of that \$150 million, only \$5 million is designated for democracy and governance programming, with an additional \$1 million coming from the International Narcotics Control and Law Enforcement (INCLE) account.

The significantly reduced level for democracy assistance to Egypt is largely in recognition of how hostile the environment for such programming has become. After the overthrow of former President Mubarak, the actual GJD funding to Egypt peaked at \$46.5 million in FY11, a figure that some have criticized as “flooding” the political space with unwelcome U.S. funds. But in reality, that level is consistent with funding levels in FY06-FY08, when the Bush administration spent \$50 million per

year on GJD programming in Egypt. It’s also worth noting that the current FY16 budget request includes \$47 million for democracy and governance programming in Jordan, a country with a population that is only about eight percent of Egypt’s.

NEW USAID AND STATE DEPT. DEMOCRACY & GOVERNANCE AWARDS OR FUNDING ACTIONS IN EGYPT, FY09-13



Modified from the U.S. Government Accountability Office’s “Democracy Assistance: Lessons Learned from Egypt Should Inform Future U.S. Plans.” July 2014. Available at: <http://www.gao.gov/assets/670/665008.pdf>

The Egyptian government’s decidedly hostile attitude toward outside funding, particularly to independent civil society, has only intensified in the last year, severely limiting the ability of the United States and other international actors to provide such funding. A GAO report in July 2014 found that “since the start of the trial against four U.S. NGOs began in 2012, the amount of funding and number of grants awarded for democracy and governance projects in Egypt decreased.”⁴² New USAID and State Department democracy and governance awards for Egypt included 37 awards valued at \$20.6 million in FY09, peaking at 100 awards valued at \$71.6 million in FY11, before declining dramatically to only 15 awards with a total of \$5.9 million in FY13.⁴³

³⁹ “Obscure and Stalled: New Report from the Arabic Network on Human Rights Information Monitors the State of the Democratic Path in Egypt during 2014.” Arabic Network for Human Rights Information, March 3, 2015. <http://anhri.net/?p=141616&lang=en>

⁴⁰ “Joint Press Availability with Egyptian Foreign Minister Sameh Shoukry.” U.S. Department of State, September 13, 2014. www.state.gov/secretary/.../231616.htm

⁴¹ “Under Threat: Egypt’s Systematic Campaign against NGOs.” Project on Middle East Democracy, March, 2015. <http://pomed.org/pomed-publications/under-threat-egypts-ngo-community/>

⁴² “Democracy Assistance: Lessons Learned from Egypt Should Inform Future U.S. Plans.” United States Government Accountability Office, July, 2014. <http://www.gao.gov/assets/670/665008.pdf>

⁴³ *Ibid.*

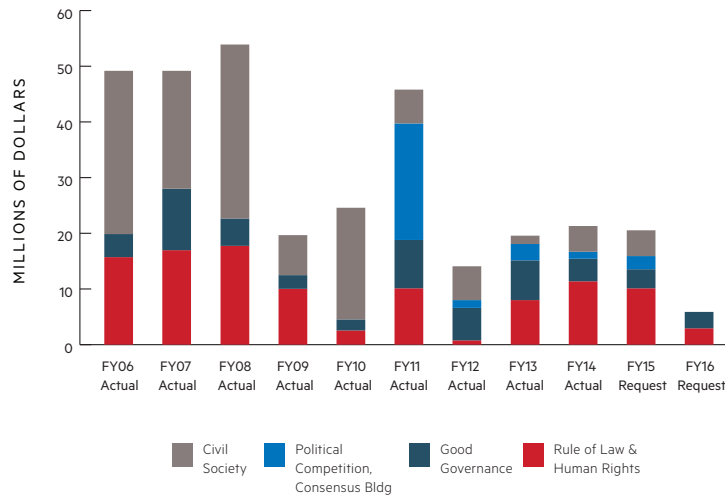
A minimal amount of democracy and governance programming to Egypt is slated to continue in FY16. Many democracy implementers have been forced to move trainings outside of Egypt or to online platforms—similar to democracy programming efforts for Iran. Limited opportunities to work on women’s empowerment, human trafficking, religious freedom, and gender-based violence continue with Egyptian civil society.

The vast majority of Egypt’s ESF is now proposed to be directed towards larger-scale education and economic growth programs. Part of the reason for this shift—and the overall decline in ESF requested for FY16—is the large backlog of unspent bilateral economic assistance funds in Cairo,⁴⁴ which peaked at nearly \$1 billion in 2014 before being reduced to \$460 million in unobligated balances in February 2015.⁴⁵ Officials noted a number of reasons for the massive backlog in ESF, including ongoing changes in Egypt’s political leadership complicating efforts to negotiate new agreements, the constraints presented by the departure of State and USAID personnel from the U.S. Embassy in Cairo from July to November 2013, travel restrictions inside Egypt due to security concerns, and various congressional holds and legal restrictions.⁴⁶

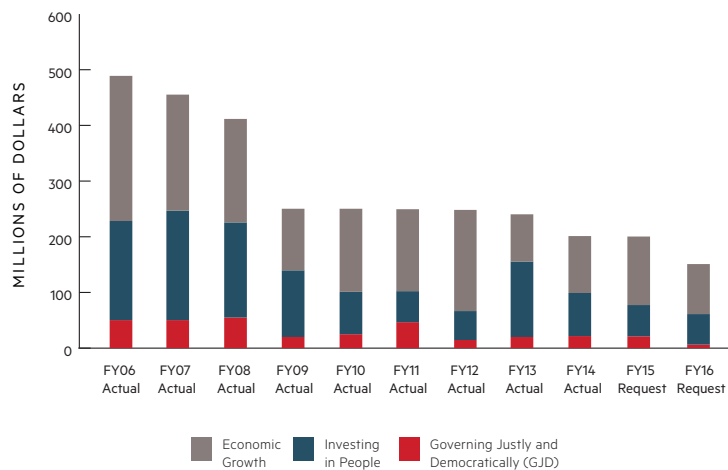
This backlog included \$260 million in prior year funding that had been allocated for a cash transfer to Egypt, which the administration announced in October 2013 would no longer be given.⁴⁷ U.S. officials say that \$260 million has

now instead been reprogrammed as follows: \$30 million for democracy and governance programs in Tunisia, \$114 million for democracy and governance programs in Syria, \$20 million for democracy and governance programs in Iraq, \$35 million to be reprogrammed to other

EGYPT: GJD FUNDING, FY06-16



EGYPT: ECONOMIC SUPPORT FUNDING, FY06-16



⁴⁴ “Subcommittee Hearing: Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” House Committee on Foreign Affairs, March 18, 2015. <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

⁴⁵ “Egypt: U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs.” U.S. Government Accountability Office, February, 2015. <http://www.gao.gov/assets/670/668448.pdf>

⁴⁶ *Ibid.*

⁴⁷ “Egypt condemns U.S. decision to suspend military aid.” BBC News, October 10, 2013. <http://www.bbc.com/news/world-middle-east-24471148>

objectives in Egypt, and the remaining \$61 million for “countering Russian aggression” in Eastern Europe, primarily Ukraine. Some administration officials advocated strongly for the transfer of funds from Egypt to Tunisia in particular, not only to meet increased needs in Tunisia and provide support for the region’s only country making real progress in a democratic transition, but also to send a strong, public signal of U.S. support. Officials interviewed for this report described internal discussions of making a public statement to that effect, but that idea was ultimately rejected at the principals’ level.

The administration has also recently announced an “unprecedented \$250 million initiative [to] provide Egyptians with up to 1,900 university scholarships and exchanges to study in the United States and Egypt, and it will support up to 20 higher education partnerships to strengthen research and exchanges between Egyptian and U.S. universities,”⁴⁸ which will be financed by ESF funds from FY12 through FY17. The upcoming U.S.-Egypt Strategic Dialogue will include bilateral discussion of how to reconfigure the ESF package, including on economic issues, and how to spend the large backlog of funds designated for democracy and governance programming. In general, the administration’s ESF strategy toward Egypt is to “reinforce trends” where there are positive openings, rather than push for programs that Egypt would be hostile toward until the domestic environment changes.

While the overall amount of ESF and democracy assistance to Egypt would decrease according to the FY16 request, the bilateral request for FMF is renewed at \$1.3 billion. Since 2013, the administration has repeatedly declared U.S. assistance was being provided to Egypt consistent with Section 7008 of the Foreign Assistance Act (which prohibits direct government assistance following a military coup d’état against a democratically elected government), though officials refused to issue a public determination of whether Sec. 7008 had been triggered by the military’s removal of

former President Mohamed Morsi.⁴⁹ President Obama ordered a comprehensive review of U.S. security assistance to Egypt in early July 2013, and Deputy Secretary of State William Burns “provided a preliminary briefing to Congressional Leadership” on the administration’s approach regarding its review of assistance at the end of July.⁵⁰ Once the review of U.S. assistance was completed and the administration decided how to recalibrate assistance, the decision to partially suspend assistance was announced in October 2013.

When the FY14 appropriations bill was passed, Congress took a new step in its assistance to Egypt by, for the first time, choosing not to include a waiver to benchmarks on democratic progress. Although the conditions were weaker and less specific than in previous years—only requiring the administration to certify that the Government of Egypt had held a constitutional referendum and presidential and parliamentary elections and was “taking steps to govern democratically”—even these very modest conditions could not be certified and most FY14 aid was kept on hold.

The FY15 appropriations act, passed in December 2014, reversed ground, by not only providing a waiver to the administration on new conditions on aid for FY15 but also extending that waiver to apply to all funds that had been held from FY14 as well, even though there had been no waiver in the FY14 legislation. Senator Patrick Leahy (D-VT), one of the most vocal advocates for human rights in Egypt and long-time chair of the Senate State and Foreign Operations Appropriations Subcommittee, called the inclusion of the waiver a “mistake,” but noted that it was “supported by three of the four chairs and ranking members of the subcommittees, and it was supported by the Administration.”⁵¹ Democracy advocates were surprised by support for the waiver from Senator Lindsey Graham (R-SC), who had consistently expressed support for even tougher conditions on Egypt aid, having publicly said, “I intend to reinforce democratic transition [with] more

⁴⁸ “Investing in the Future of Egypt.” U.S. Department of State, April 28, 2015. <http://www.state.gov/r/pa/prs/ps/2015/04/241225.htm>

⁴⁹ “Hearing: Next Steps on Egypt Policy.” House Committee on Foreign Affairs, October 29, 2013. <http://foreignaffairs.house.gov/hearing/hearing-thursday-october-24-2013>

⁵⁰ *Ibid.*

⁵¹ “Congress Allows Obama to Reopen Military Aid to Egypt.” Al-Monitor, December 10, 2014. <http://www.al-monitor.com/pulse/originals/2014/12/egypt-military-aid-obama-congress-human-rights.html>

conditions on Egyptian aid, being talked about as we speak.”⁵²

The text of the FY15 bill included much more detailed requirements on democratic progress than in FY14, including that the Government of Egypt: hold free and fair parliamentary elections; govern democratically; protect fundamental freedoms, civil society, and independent media; protect women’s rights and religious minorities; provide detainees with due process of law; investigate and prosecute the use of excessive force by security forces; and release American citizens held as political prisoners. But the reality is that all of these conditions were rendered essentially meaningless by the inclusion of a national security waiver that the administration was certain to exercise.

In response to a question from Rep. David Cicilline (D-RI) on the Egyptian government’s progress on meeting the FY15 benchmarks in a hearing in March 2015, Assistant Secretary of State for Near Eastern Affairs Anne Patterson testified:

“We’re seeing modest progress. For instance I think there isn’t a serious problem and I think the Coptic Christian Community is frankly much happier under President el-Sisi than they were under the previous government [...] On NGO laws, I will admit, there is not much progress on that; I would be the first to say that we’ll press and have pressed for a new NGO law that that would provide for greater freedoms for both local and foreign NGOs. And in terms of the electoral progress, [the Egyptian government] did set a date for elections and the court overturned it. So, we will be ready with technical assistance. They had been very willing to take our technical assistance for elections [...] But they need to move on with the democratic process and elect a parliament.”⁵³

By the spring of 2015, the administration had obligated the remainder of prior year funds using authority in the FY14 appropriations bill to make payments on Egypt’s FMF contracts, and it would soon need to access FY15 funds to avoid delays to upcoming payments. This timing represented a pattern in decision-making regarding the administration releasing Egypt’s FMF: throughout FY14 and FY15, those decisions were not timed in any way with progress on political benchmarks (as Congress intended through its structuring of conditions). Rather, the timing of those decisions was tied to the balance in Egypt’s account and when the administration would need to draw on the account to maintain payment schedules and avoid triggering liabilities.

The FY15 funds the administration wanted to draw from by the spring of 2015 could only be accessed by either making the democracy certification or invoking the national security interest waiver. In April 2015, the White House announced the completion of its comprehensive review and its decision to utilize the waiver provided in the 2015 appropriations bill. At the same time, the following four additional decisions were made:

1. The President released 12 F-16 aircraft, 20 Harpoon missiles, and up to 125 M1A1 Abrams tank kits that had been held from delivery;
2. The President directed the continued request of an annual \$1.3 billion in FMF for Egypt;
3. Beginning in FY18, the U.S. will discontinue Egypt’s use of cash-flow financing (CFF)—the financial mechanism that enables Egypt to purchase equipment on credit; and
4. Beginning in FY18, the U.S. will channel FMF funds toward the acquisition and sustainment of new equipment in four categories—counterterrorism, border security, maritime security, and Sinai security—and for sustainment for weapons systems already in Egypt’s arsenal.⁵⁴

⁵² “Congress Threatens Showdown over Military Aid to Egypt.” Al-Monitor, March 17, 2014. <http://www.al-monitor.com/pulse/originals/2014/03/congress-egypt-military-aid-showdown-us.html>

⁵³ “Subcommittee Hearing: Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” House Committee on Foreign Affairs, March 18, 2015. <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

⁵⁴ “Comment from NSC Spokesperson Bernadette Meehan Regarding Egypt.” National Security Council, March 31, 2015. <http://pomed.org/wp-content/uploads/2015/04/NSC-Statement-on-Egypt-Military-Aid-March-2015.pdf>

The FY15 legislation also required the administration to submit a report to Congress explaining why it was unable to make the certification of progress on democracy and human rights issues. That unclassified report was submitted on May 12, 2015, and is very critical of the lack of democratic progress in many areas. Although the full text of this report has not yet been made public, we understand that it offers clear criticism of the Egyptian government's actions in all of the areas listed above as conditions in the FY15 appropriations bill, including its failure to release political prisoners, hold security forces accountable, protect fundamental rights of Egypt's citizens, or govern democratically. Moreover, the report concludes that, "while Egypt has implemented parts of its 'democratic roadmap,' the overall trajectory of rights and democracy has been negative." This frank and honest assessment by the U.S. administration is welcome, and we would hope that public statements by U.S. officials would shift to mirror these conclusions.

Officials within the administration had been divided into two camps regarding the 18-month suspension of military assistance to Egypt from October 2013 to April 2015. Proponents of lifting the holds on equipment and training to Egypt argued that withholding assistance was not affecting the Egyptian government's behavior as intended. Others argued that the suspension was in effect a sanction on the government, and previous experience has shown that sanctions by their nature take quite some time to have an impact on the decision-making of foreign governments, thus the aid suspension must remain in place for a longer period of time to have the desired effect.

Last year's version of this report highlighted a third explanation: that the aid suspension as applied was ineffective because it was incomplete, slow in coming, and half-hearted

in its application. Over the 18-month period during which military aid was "suspended," the reality is that very little aid was in fact on hold. From October 2013 to April 2015, the United States provided approximately \$1.8 billion in FMF to Egypt utilizing a number of legal authorities available to circumvent legislative restrictions.⁵⁵ Beyond the list of items explicitly held by the administration following the events at Rabaa Square (12 F-16 aircraft, 20 Harpoon missiles, and up to 125 M1A1 Abrams tank kits) and Apache helicopters held by Senator Leahy from April to December 2014, officials state "nothing else was really held back" from Egypt during the 18-month period. A few trainings and logistical support termed direct support to the government under the restrictions of Sec. 7008 were withheld, as well as delivery of spare parts related to the post-Rabaa list of withheld items that did not qualify as exempt, but altogether those components represented "a very small proportion" of the overall package.

The administration also repeatedly downplayed the importance of the aid suspension and suggested frequently that it would soon come to an end, which was only likely to further reduce its influence on the Egyptian government and military. As early as November 2013—less than one month after the partial aid suspension was announced—Secretary Kerry said "this aid issue is a very small issue between us" in a press conference with Egyptian Foreign Minister Nabil Fahmy.⁵⁶ Again in June 2014, senior State Department officials declared their intent to "be as supportive as possible of Egypt's transition [by making] efforts with Congress to free up a substantial amount of the military assistance, [FMF], part of the FY14 money, as well as about 200 million in [ESF];"⁵⁷ Secretary Kerry also promised the delivery of withheld Apache helicopters "very, very soon."⁵⁸ In February 2015, Secretary Kerry testified to Congress, "[I]t's important for us to provide some of these

⁵⁵ These authorities include: authority under various appropriations "notwithstanding" clauses; authority for multiple uses of U.S. foreign assistance in Egypt even where Sec. 7008 limitations apply; FY14 "exempted" categories of counterterrorism, border security, nonproliferation, and development activities in the Sinai; and the release of "prior year funds," i.e. fiscal year funds earlier than FY14, as allowed in the FY14 appropriations bill.

⁵⁶ "Remarks with Egyptian Foreign Minister Nabil Fahmy." U.S. Department of State, November 3, 2013. <http://www.state.gov/secretary/remarks/2013/11/216220.htm>

⁵⁷ "Background Briefing En Route to Cairo, Egypt." U.S. Department of State, June 21, 2014. <http://www.state.gov/r/pa/prs/ps/2014/06/228225.htm>

⁵⁸ "John Kerry Meets Egyptian President and Foreign Minister in Cairo." *The Guardian*, June 22, 2014. <http://www.theguardian.com/world/2014/jun/22/john-kerry-meets-egyptian-president-sisi-cairo-us-aid>

items [to Egypt]. And I believe decisions will be forthcoming that will set out how we may in fact proceed forward to do that.”⁵⁹ On conditionality, he stated:

“We sometimes come crashing in with a sense that, you know, we can sort of hold out ‘X’ amount of aid and say, ‘You got to do this and this in order to do it.’ And they kind of look at us nowadays, increasingly in many countries, and scratch their heads, and ask a lot more questions than they used to, and are not quite as impressed by the level of our leverage. Because, frankly, it’s significantly diminished, if you want to know the truth.

“The Emirates and Saudis are putting 20 million bucks into, into Egypt. And we’re putting \$1.3 billion so, they look at it and they say, ‘Well, do we have to put up with all this headache since we’ve got these other folks we can turn to, and we’ll get some help there?’”⁶⁰

Advocates for resuming military assistance to Egypt, including Chairwoman of the House Subcommittee on State, Foreign Operations, and Related Programs Kay Granger (R-TX), claimed that the withheld “F-16s and M1A1 Abrams tanks are essential for the Egyptians to fight ISIL and other extremists...they need these planes and other weapons immediately to continue the fight against ISIL and other terrorists threatening Egypt’s security, but your administration has refused to use the authority Congress provided you in law to provide Egypt these weapons.”⁶¹

This claim is refuted by an October 2013 testimony, included in last year’s report, by Assistant Secretary of Defense Derek Chollet: “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.” This assessment was reiterated in February 2015 by the Department of State: “The defense articles currently withheld from delivery to Egypt are 12 Block 52 F-16 aircraft, 91 kits of M1A1 tank components, 20 Harpoon missiles, and a number of machine guns...Withholding these items has not affected the Egyptians’ operational effectiveness in the Sinai or as part of the coalition against ISIS.”⁶² Nonetheless, in internal debates regarding the release of withheld military equipment, defense officials asserted that the M1A1 Abrams tanks and F-16s have a role in Egypt’s counterterrorism efforts, paving the way for their release. These claims have been met with some skepticism, given that they directly contradict official statements from both the State Department and DOD. Likewise, claims by Chairwoman Granger about the importance of immediate deliveries of F-16s to Egypt are widely viewed as motivated largely by the fact that much of those F-16s are manufactured within Granger’s congressional district in Texas.

The second component of the April 2015 announcement—renewing military assistance at \$1.3 billion annually—was included to avoid the possibility of repercussions by the Egyptian government regarding access to the Suez Canal and overflights in Egyptian airspace. Critics of this policy decision point out that neither of those privileges was affected during the 18-month suspension of military assistance. One benefit the U.S. does receive (only after individual approval of requests from Egypt) is expedited access through the canal. Egypt earns approximately \$5 billion of revenue annually from traffic through the Suez Canal,⁶³ and the U.S. pays more than any other country for access because of the extra security required for U.S. ships. In addition, overflights are convenient, but less critical to the movement of U.S. military aircraft in the region than in the past.⁶⁴

⁵⁹ “Budget Hearing: Department of State.” House Committee on Appropriations, February 25, 2015. <http://appropriations.house.gov/news/documentquery.aspx?IssueID=34774>

⁶⁰ *Ibid.*

⁶¹ “Letter to the President of the United States.” U.S. Representative Kay Granger, February 19, 2015. <http://kaygranger.house.gov/sites/granger.house.gov/files/Granger%20Letter%20to%20POTUS%202-19-15.pdf>

⁶² “Questions for the Record Submitted to Secretary of State John F. Kerry.” House Committee on Appropriations, February 25, 2015.

⁶³ “Q&A: Suez Canal.” *The Guardian*, February 1, 2011. <http://www.theguardian.com/business/2011/feb/01/suez-canal-egypt-q-and-a>

⁶⁴ O’Hanlon, Michael. “Access to Suez is convenient but not essential for U.S.” *Washington Post*, August 22, 2013. http://www.washingtonpost.com/opinions/access-to-suez-is-convenient-but-not-essential-for-us/2013/08/22/224a001c-09d9-11e3-9941-6711ed662e71_story.html

The third component, the revoking of Egypt's cash flow financing privilege, was cited by this report last year as a possibility that had "started to gain traction at high levels as a potential area of reform" in order to modernize the military assistance package; support for that idea steadily increased over the last year, culminating in the April announcement that it would come to an end in FY18.⁶⁵ Cash-flow financing has been granted to Egypt since the early 1980s in order to improve Egypt's buying power, replace aging Soviet equipment quickly, compensate for the loss of aid from the Gulf that had been withdrawn after Egypt signed the peace treaty with Israel, demonstrate U.S. goodwill toward President Sadat, and deliver some tangible equality of treatment with Israel in the military-military relationship.⁶⁶

Regarding the timing of the decision, the administration stated in October 2013 that Egypt's FMF program had a case value of \$3.2 billion, and "could not begin transitioning away from cash flow financing until FY 2016 without triggering termination liabilities."⁶⁷ In addition, administration officials have said that an informal ten-year Memorandum of Understanding (MOU) agreed to in 2008 by former Secretary of State Condoleezza Rice constrains the ability of the U.S. to renegotiate FMF commitments until its expiration by 2018; the MOU included a number of big-ticket items such as tanks and F-16s that could only be practically financed through cash flow financing. The decision to rescind cash flow financing in FY18 was therefore facilitated by 1) the decreasing case value of Egypt's FMF program; 2) shifts to new categories (discussed in more detail below) that will include fewer big-ticket items necessitating cash flow financing to pay for them; and 3) the approaching expiration of the 2008 MOU, i.e. making the announcement two years in advance would allow contractors to plan accordingly. In addition, congressional staff and some analysts state that President Sisi sees the reform as a useful way to develop "a younger,

more mobile, smaller strike force led by younger officers working in close cooperation with the United States."⁶⁸

Some Egyptian officials have reacted to the decision on cash flow financing by suggesting that, as it does not take effect until FY18, it can be reversed or not implemented by President Obama's successor. But such a scenario may not be likely, as there appears to be broad recognition across government and within Congress that cash-flow financing has been an impediment to modernizing Egypt's assistance package. Reinstating cash-flow financing would also undermine the ability of the U.S. to adapt Egypt's FMF package to focus on the four new categories.

The fourth component, delineating four new categories (or "pillars") for Egypt's FMF, is intended by U.S. officials to direct Egypt's purchases with the FMF package towards equipment that meets mutually identified security threats in the country. Although the pillars are very broad and open to interpretation, administration officials believe they allow the U.S. to more effectively set priorities of what Egypt buys with its FMF in order to reconfigure the Egyptian military as a lighter, more mobile force capable of dealing with asymmetric threats, rather than fighting 20th century land wars against other nations. This approach of agreeing on core pillars for security assistance has been used historically with Pakistan and smaller countries in an effort to bring clarity to foreign governments' "wish lists" and focus on mutually recognized threats and the capabilities needed to address those threats.

In addition to those pillars, the FMF package will also be used for sustainment of the existing Egyptian fleet (even if those items fall outside of the four pillars). Sustainment now constitutes somewhere between one-third and one-half of the \$1.3 billion annual FMF package, though officials suggest that proportion is likely to

⁶⁵ "Reining in Egypt's Military Aid." *New York Times*, October 4, 2014. <http://www.nytimes.com/2014/10/05/opinion/sunday/reining-in-egypts-military-aid.html>

⁶⁶ "Forging a New Defense Relationship with Egypt." U.S. Government Accountability Office, February 5, 1982. <http://www.gao.gov/assets/140/136539.pdf>

⁶⁷ "Hearing: Next Steps on Egypt Policy" House Committee on Foreign Affairs, October 29, 2013. <http://foreignaffairs.house.gov/hearing/hearing-thursday-october-24-2013>

⁶⁸ "Q&A with Military Expert Robert Springborg on U.S. Aid to Egypt." Mada Masr, April 2, 2015. <http://www.madamasr.com/sections/politics/qa-military-expert-robert-springborg-us-aid-egypt>

decline over time as the modernization process will include retiring outdated systems.

The GAO noted in February 2015 that despite a 2013 requirement of the State Department to carry out a required evaluation of security assistance to Egypt, it has not yet done so: “The absence of an evaluation of security assistance to Egypt raises questions about how this program—supported by \$1.3 billion in U.S. funding annually—is contributing to meeting strategic objectives and what levels of funding are necessary for success.”⁶⁹ Completion of this evaluation in the context of the four new categories of Egypt’s FMF can help bring direction and clarity to a security assistance package that has long been on auto-pilot.

The 18-month suspension of assistance to Egypt did not achieve its desired impact because it was an extremely weak suspension: the continued supply of \$1.8 billion in assistance over the 18-month period (representing 92 percent of the \$1.3 billion per year annual rate during that period) certainly diluted its effect. Second, the suspension was consistently undermined by policy statements from the highest levels of the U.S. government, dismissing it as an insignificant issue that would be reversed as soon as possible. Third, periodic decisions to release FMF through 2014 and 2015 were not tied to progress on political benchmarks in Egypt (as Congress intended), but were instead dictated by account balances and a fear of triggering contractual liabilities. Finally, the administration did not clearly communicate the benchmarks it expected the Egyptian government to meet and backed down from the few that it did publicly communicate.

The administration has taken some initial, potentially positive steps toward the long-overdue modernization of the U.S.-Egypt military assistance relationship by revoking cash-flow financing, outlining four new categories for FMF, and calling for a systematic evaluation of security assistance to Egypt. These steps signal to Egypt a desire to maintain a

military-military relationship, but one that is appropriate for modern threats and mutual strategic interests. While these decisions do not yet constitute any major change to the U.S.-Egypt assistance relationship, they do open the door for such changes to proceed more easily in the near future, though that will require the political will to follow through and do so.

IV. IRAQ

After years of consolidating power while pursuing a sectarian political agenda, former Prime Minister Nouri al-Maliki was forced to step down in August 2014 by immense domestic and international pressure. He was succeeded by Haider al-Abadi, who promised to reverse many of the exclusionary policies of his predecessor to reunite the country and reclaim territory from the Islamic State.

Although the U.S. government had supported Maliki for years, this support eventually eroded and by summer 2014, U.S. officials had made clear to the Iraqi government that support to fight the Islamic State was contingent on the formation of an inclusive, unified government—and one that did not include Maliki as the prime minister. Secretary Kerry stated in June 2014:

“Without the formation of a government, without an adequate transformative decision by the leaders of Iraq, anything that the United States or others or allies or friends would do to try to fight back is going to be limited, if not impossible. You need a competent, unified government that is prepared. That’s the first step. The second step is, obviously, you’ve got to reconstitute the military, and that’s going to take this political leadership to help to do that.”⁷⁰

Upon assuming office, Abadi promised a number of reforms: formation of a cross-sectarian National Guard, reversal of controversial de-Baathification policies, inclusion of Shi’a, Kurdish, and Sunni voices in the cabinet, and reforms of the judiciary and security sector. In October 2014, the State

⁶⁹ “Egypt: U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs.” U.S. Government Accountability Office, February, 2015. <http://www.gao.gov/assets/670/668448.pdf>

⁷⁰ “Interview with Kim Ghattas of BBC,” U.S. Department of State, June 24, 2014. <http://www.state.gov/secretary/remarks/2014/06/228345.htm>

Department congratulated the Iraqi parliament for approving all of Abadi’s cabinet members, completely filling the cabinet for the first time since 2010.⁷¹

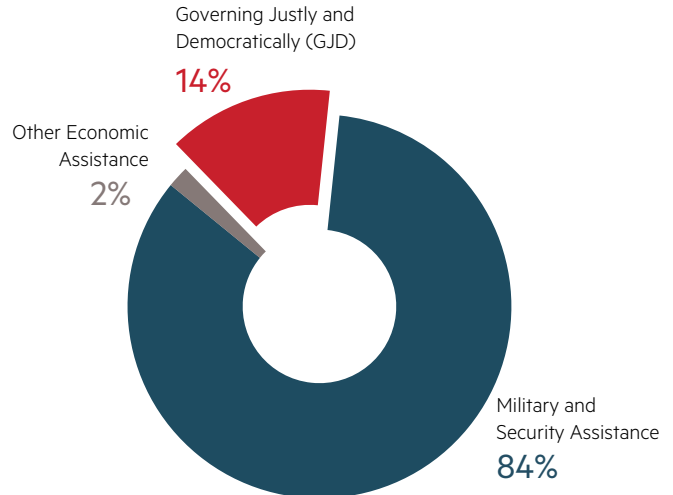
After formation of the new government, Secretary Kerry pledged, “The United States will stand shoulder to shoulder with the Iraqis as they implement their national plan to overcome the longstanding political and economic grievances that have for too long divided their country.”⁷²

Beyond the formation of a unity government, Abadi’s administration has not been able to deliver on other major reform initiatives, which largely remain stuck in parliament. Most U.S. officials note that Prime Minister Abadi is working on those reforms, yet not raising them with the same urgency as he was in 2014. With the exception of efforts by Assistant Secretary of State for the Bureau of Democracy, Human Rights and Labor (DRL) Tom Malinowski,⁷³ high-level diplomatic attention to ensure these pivotal reforms are enacted has largely fallen down the list of priorities. The discussion generally centers around the military campaign against the Islamic State while the political issues are assumed to be on track. This perspective was captured by Secretary Kerry in February 2015:

“Part of the problem in Iraq was the sectarianism that the former prime minister had embraced, which was dividing his nation and creating a military that was incompetent, and we saw that in the context of Mosul. So we wanted to make sure that we had a government that really represented people and was going to reform and move in a different direction. And we worked at it and we got it. We have it today. Is it perfect? No. But is it moving in the right direction? You bet it is.”⁷⁴

After the fall of major cities such as Fallujah, Tikrit, and Mosul, and a dramatic threat to tens

IRAQ: TOTAL FY16 REQUEST



of thousands of Yazidis trapped on Mount Sinjar, the U.S. scrambled to provide humanitarian assistance and then conducted targeted air strikes to limit the advance of the Islamic State. An international coalition was formed in September 2014 to fight the Islamic State and its sources of recruitment and financing, which included expanding air strikes against Islamic State targets to reinforce Iraqi army efforts to reclaim territory.

In this year’s budget request, the administration is seeking \$355 million for bilateral assistance to Iraq. This includes \$56.1 million in ESF, of which nearly \$50 million is designated for democracy and governance programming, as well as \$299 million in military and security assistance. For nearly a decade, bilateral assistance levels to Iraq had been rapidly declining—from a peak of \$2.1 billion in FY07 down to \$309 million in FY15. If approved, the FY16 request would represent the first time that trend is reversed, with the size of the bilateral aid package increasing. These decreases have been especially dramatic with respect to GJD spending, which fell from \$851 million in FY07 to a low of \$29 million in FY15; the FY16 request of nearly \$50 million would represent a significant 74 percent increase. Security assistance is also slated for a slight increase of seven percent over

⁷¹ “U.S. Welcomes Selection of Final Cabinet Ministers in Iraq,” U.S. Department of State, October 18, 2014. <http://www.state.gov/r/pa/prs/ps/2014/10/233135.htm>

⁷² “Remarks on the Formation of the Iraqi Government,” U.S. Department of State, September 8, 2014. <http://www.state.gov/secretary/remarks/2014/09/231377.htm>

⁷³ “Readout of Assistant Secretary Tom Malinowski and Ambassador David Saperstein’s Travel to Baghdad and Erbil, Iraq,” U.S. Department of State, February 17, 2015 <http://www.state.gov/r/pa/prs/ps/2015/02/237540.htm>; “Seizing the Post-ISIL Opportunity for Democracy and Inclusion,” U.S. Department of State, February 11, 2015. <http://www.state.gov/j/drl/rls/rm/2015/237814.htm>

⁷⁴ “Advancing U.S. Interests in a Troubled World: The FY 2016 Foreign Affairs Budget,” U.S. Department of State, February 25, 2015. <http://foreignaffairs.house.gov/hearing/hearing-advancing-us-interests-troubled-world-fy-2016-foreign-affairs-budget>

the FY15 request and will focus on strengthening counterterrorism capabilities and improving the overall professionalization of the Iraqi military.

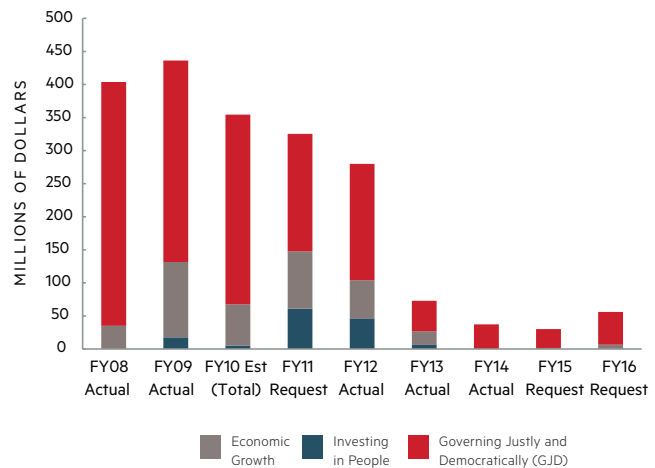
A key component of the U.S. anti-ISIS strategy is to stabilize areas regained from ISIS and prevent its further territorial expansion by strengthening national and provincial democratic institutions, as well as to improve Iraq’s ability to respond to citizen’s needs and respect human rights. The majority of the FY16 GJD request is designated for programming that promotes a more inclusive, responsive government guided by issues-based (rather than religious community-based) politics, and promotion of tolerance and countersectarianism.

The majority of democracy and governance programming in Iraq is currently administered by the State Department’s Bureau of Democracy, Human Rights, and Labor (DRL). Congress explicitly supported this arrangement in the FY14 appropriations bill by requiring that “Funds appropriated by this Act under the heading ‘Economic Support Fund’ for assistance for Iraq shall be made available for democracy programs, which shall be the responsibility of the Assistant Secretary of State for Democracy, Human Rights, and Labor, in consultation with the Chief of Mission.”⁷⁵ Notably, this requirement has been applied infrequently—only to Iraq, Cambodia, and Burma in recent years. This includes funding for engagement with the Council of Representatives, the Kurdistan Regional Government, political parties, and civil society, which has been supported for the past several years through a congressional earmark.

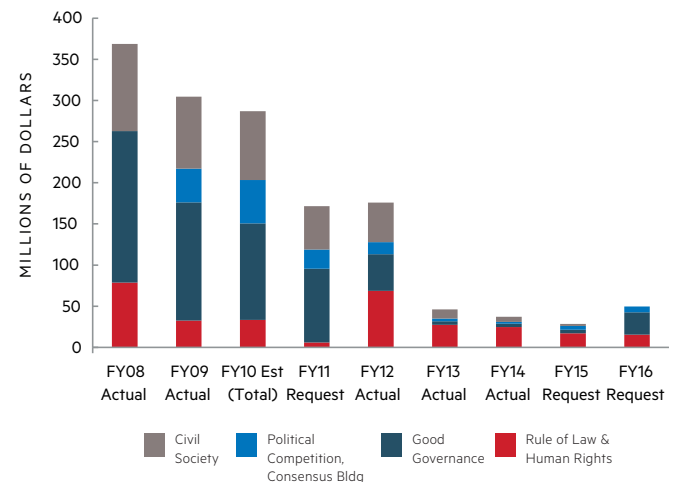
Assistant Secretary of State Malinowski said in September 2014: “ISIL did not emerge from nothing...[i]t ascended because many in Iraq’s Sunni population felt legitimate grievances were ignored by the government in Baghdad.”⁷⁶ Following the emergence of the Islamic State in Iraq, DRL adjusted its Iraq programming by reconfiguring its strategy and re-competing

awards for programming in accordance with that strategy.⁷⁷ For example, DRL increased its work with local governments on inclusivity programs in areas free from Islamic State control. Programs to assist Syrian refugees in Iraq were renegotiated to address a new wave of Iraqi internally displaced persons (IDPs). Efforts to promote intersectarian tolerance shifted toward protecting vulnerable ethnic minority populations.

IRAQ: GJD FUNDING: FY08-16



IRAQ: ECONOMIC SUPPORT FUNDING: FY08-16



⁷⁵ “The Consolidated Appropriations Act, 2014,” H.R. 3547, Public Law 113-76, U.S. Congress, January 17, 2014. http://docs.house.gov/billsthisweek/20140113/CPRT-113-HPRT-RU00-h3547-hamdt2samdt_xml.pdf

⁷⁶ “Remarks at the Launch of the Senate Human Rights Caucus,” U.S. Department of State, September 10, 2014. <http://www.state.gov/j/drl/rls/rm/2014/231546.htm>

⁷⁷ “Bureau of Democracy, Human Rights and Labor Request for Statements of Interest: Iraq Programs,” U.S. Department of State, February 4, 2015. <http://www.state.gov/j/drl/p/237167.htm>

USAID has also played a strong role in GJD programming in Iraq over the last decade, especially focusing on electoral administration and government formation. For example, when Maliki's State of Law Coalition won the largest amount of seats in a very heated political environment, the vast majority of the political players did not question the legitimacy of the election numbers or the administration of the polls by the International High Electoral Commission (IHEC)—a reflection of the IHEC's resilience and professionalism developed over the years due in part to sustained technical assistance from USAID-funded implementers.

USAID's work in Iraq has now shifted toward enhancing governance at the national and local level. USAID Assistant Administrator of the Bureau for the Middle East Paige Alexander testified in March 2015, "[W]ith the strong endorsement and concurrence of U.S. Ambassador Stu Jones, in FY 2016, USAID plans to continue a narrow portfolio of targeted assistance that supports critical Iraqi needs in the areas of revenue generation and service delivery with a limited amount of resources."⁷⁸ She added, "[W]e anticipate enormous assistance needs in liberated areas from ISIL to help the displaced return home and communities recover."⁷⁹

In Congress, one of most contentious areas of recent debate has been the issue of providing U.S. military equipment directly to the Kurdish Peshmerga forces, Sunni tribal security forces, and the yet-to-be-established Iraqi Sunni National Guard. The House version of the FY16 National Defense Authorization Act (NDAA) originally included language that those groups "shall each be deemed to be a country" for purposes of aid eligibility, though that language was later removed.⁸⁰ Furthermore, the bill would authorize \$715 million in security assistance for Iraqi forces combatting ISIL, with at least 25

percent of that amount allocated for the Kurdish Peshmerga and local Sunni tribal forces. The remaining 75 percent would be allocated for the Iraq government, but it would not be delivered until specific conditions on political inclusiveness are met. The House Armed Services Committee explains:

"The Committee requires that 25% of the funds be provided directly to the Kurdish Peshmerga and Sunni forces. The remaining 75% would be withheld until the Secretaries of State and Defense assess that the Government of Iraq is meeting certain conditions for political inclusiveness. Should they not be able to make that assessment, 60% of the remaining funds would be released directly to the Kurds and Sunnis. In regards to this provision, Chairman Thornberry said, 'In order to provide assistance to the various groups in Iraq, we had to phrase language in a certain way to comply with the U.S. Foreign Assistance Act. The Committee does not mean to make internal decisions for Iraqis and their sovereignty. That of course is up to them.'"⁸¹

According to the proposed House NDAA bill, the conditions that would be used to gauge the Government of Iraq's political inclusivity include addressing the grievances of minorities, releasing minorities who have been detained without trial or charge, ensuring minorities are well represented in government security organizations, legislating the Iraqi Sunni National Guard, ending support to Shi'a militias, and distributing U.S.-provided military equipment among security forces such as the Iraqi Sunni National Guard, Sunni tribal forces, and the Kurdish Peshmerga.⁸² It would be rather unusual for such detailed conditions on military assistance to be enacted into law via the NDAA, as opposed to the annual appropriations act, so it remains to be seen whether such

⁷⁸ "Does the President's FY 2016 Budget Request Address the Crises in the Middle East and North Africa?" Subcommittee on the Middle East and North Africa of the House Committee on Foreign Affairs, March 18, 2015. <https://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

⁷⁹ *Ibid.*

⁸⁰ Pecquet, Julian. "Congress decides Iraqi Kurds, Sunnis aren't countries after all." Al-Monitor, May 12, 2015. <http://www.al-monitor.com/pulse/originals/2015/05/congress-ndaa-kurd-sunni-country-iraq-arms.html>

⁸¹ "Fact Sheet: Highlights of the Committee on Armed Services Bill, H.R. 1735 National Defense Authorization Act For Fiscal Year 2016," House Armed Services Committee, May 7, 2015. http://armedservices.house.gov/index.cfm?a=Files.Serve&File_id=4C69040B-B686-45E3-A83A-1CE77757FEFF

⁸² "The National Defense Authorization Act for Fiscal Year 2016," H.R. 1735, Report No. 114-102, May 5, 2015. http://docs.house.gov/billssthisweek/20150511/Rules_Print_HR1735_xml.pdf

conditions will be adopted by the appropriations committees.

Despite strong congressional support for arming the Kurds directly and bypassing Baghdad, the administration has resisted this approach, in part due to legal requirements prohibiting the provisions of certain types of heavy weaponry to sub-state actors, as well as some desire to adhere to a longstanding “one-Iraq” policy, which seeks to combat any regional moves toward secession. Assistant Secretary of State for Near Eastern Affairs Anne Patterson testified in March 2015:

“We’ve had a very extensive program to arm the Kurds and we can provide details to this committee. DOD had a taskforce set up to provide small arms, medium-size arms to the Kurds and to rush those in during the first stages of the campaign against ISIL. I think at issue here is the heavy weaponry and our analysis, I think as members of this committee know, that it would not be legal to provide those directly to the Kurds. And I understand members of the committee are considering legislation to redress that.”⁸³

At the time of publication, the Senate Armed Services Committee had not yet released the Chairman’s mark of that chamber’s version of the NDAA bill. After the release of the House NDAA language, Prime Minister Abadi voiced his disapproval with the policy directive to arm the Kurds, and Shi’a militia leader Muqtada al-Sadr threatened to target Americans in Iraq if such a policy were to be enacted.

Renewed attention to the importance of inclusive governance in Iraq, coupled with an increase in democracy and governance funding, is a welcome development after years of U.S. neglect for the issue under the leadership of al-Maliki. Even so, the importance of political inclusion and reform in Iraq appear to have declined as high-level U.S. policy priorities since Prime Minister Abadi came to power in 2014. Continuing to overlook

or ignore these issues would be repeating the errors of the Maliki era, which would undermine the legitimacy and effectiveness of the Iraqi government, including as a partner in fighting the Islamic State.

V. JORDAN

In Jordan, the influx of Syrian refugees has increased to the point that they now comprise nearly ten percent of the population. This has put severe strains on both the state’s ability to provide public services and to address frustrations of host communities, who often blame Syrians for perceived failures, such as falling wages, rising prices, garbage on the streets, and clogged traffic.⁸⁴ Meanwhile, the Kingdom has also increased its involvement in the coalition against the Islamic State, particularly after Jordanian pilot Lt. Moaz al-Kasasbeh was burned alive by his captors in February 2015. The barbaric execution of al-Kasasbeh occurred in the middle of King Abdullah II’s visit to Washington, which he cut short to return to Amman and coordinate a military response against Islamic State positions in Syria.

Domestically, Jordan’s State Security Court sentenced a senior Muslim Brotherhood official to 18 months in prison for criticizing the United Arab Emirates in February 2015. Zaki Bani Irsheid was jailed under Jordan’s terrorism law, which lawmakers amended in 2014 to include a provision that criminalizes “disturbing [Jordan’s] relations with a foreign state.”⁸⁵ The Islamic Action Front (IAF) splintered, as the group’s senior leadership ousted ten prominent members of the party after the movement rejected efforts by the government to register the Muslim Brotherhood as a licensed, local charity. In general, it appears that the widespread public pressure for domestic political and economic reforms that emerged in 2011 and 2012 has for now been eroded in large part by neighboring conflicts and the resulting influx of refugees.

⁸³ “Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” Subcommittee on the Middle East and North Africa of the House Committee on Foreign Affairs, March 18, 2015. <https://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

⁸⁴ Lust, Ellen. “Syrian Spillover: National Tensions, Domestic Responses, & International Responses.” Project on Middle East Democracy, April 2015. <http://pomed.org/wp-content/uploads/2015/04/Lust-Syrian-Spillover-April-2015.pdf>

⁸⁵ “Jordan: 18 Months for Criticizing U.A.E.” Human Rights Watch, February 19, 2015. <https://www.hrw.org/news/2015/02/19/jordan-18-months-criticizing-uae>

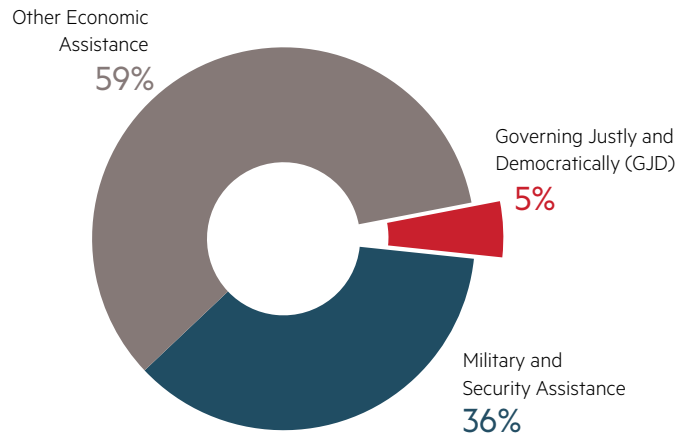
Rising domestic economic pressures have been addressed largely through increased foreign aid rather than delivering on promises of meaningful reform.

Jordan received approximately \$1 billion in bilateral assistance in FY14 funds, and that level of assistance was recently formalized in a new, three-year Memorandum of Understanding (MOU) in February 2015, increasing the annual bilateral assistance package from \$660 million to \$1 billion for the years 2015-2017.⁸⁶ In a joint press conference with Jordanian Foreign Minister Nasser Judeh, Secretary Kerry praised the bilateral relationship: “We simply could not find a country that has been more willing to be a good standup, get-the-job-done partner than the Kingdom of Jordan.”⁸⁷ Of the \$1 billion requested for FY16, \$350 million is designated for FMF and \$637 million for ESF (of which \$47 million is requested for GJD funding). In addition to bilateral funds, Jordan also has a five-year, \$275.1 million Millennium Challenge Corporation (MCC) compact to reduce poverty through economic growth that is scheduled to conclude in December 2016.

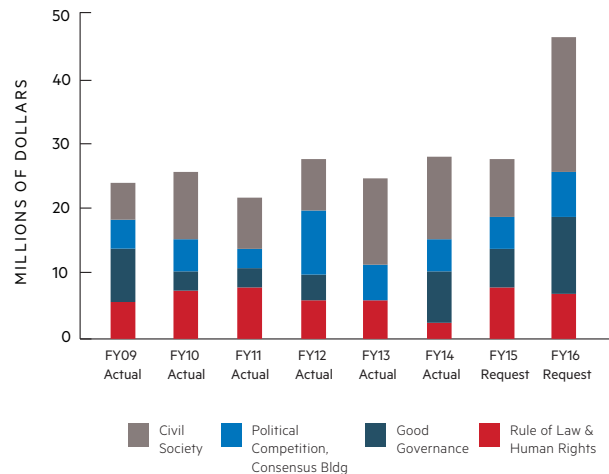
When compared with the FY15 request, the FY16 budget increase to \$1 billion is overwhelmingly devoted to ESF, which increased by 77 percent, while FMF increased by 17 percent. This is partly explained by Jordan’s balance of payments difficulties, as a significant amount of the FY16 ESF—at least \$129 million—is intended for a cash transfer to the central government.

Yet, the increased ESF is spread relatively evenly across strategic objectives, resulting in a GJD increase of 68 percent when compared to the FY15 requested level. Of the \$47 million now allocated for GJD programming, support for good governance and civil society programming is doubled from FY15. USAID democracy and governance programming supports civic education, municipal government in service provision, and civil society advocacy, particularly at local levels in host communities for Syrian refugees. In the absence of any significant

JORDAN: TOTAL FY16 REQUEST



JORDAN: GJD FUNDING: FY09-16



national debates about political reform and the conclusion of parliamentary elections in 2014, the majority of democracy-related programming focuses on the provincial or local level. In general, it appears that U.S. support for democracy and governance programming in Jordan will primarily consist of the continuation and expansion of existing programming in the country. The lack of national reform initiatives does not appear to offer any new strategic opportunities, and there does not appear to be U.S. government interest in meaningful political reform at the national level in Jordan, despite this large level of GJD funding.

⁸⁶ “The United States and Jordan Sign a Memorandum of Understanding on U.S. Assistance.” U.S. Department of State, February 3, 2015. <http://www.state.gov/r/pa/prs/ps/2015/02/237128.htm>

⁸⁷ “Remarks with Jordanian Foreign Minister Nasser Judeh.” U.S. Department of State, February 20, 2015. <http://www.state.gov/secretary/remarks/2015/02/237675.htm>

The remainder of the FY16 ESF request, approximately \$590 million, will largely aim to support Jordan's balance of payments position or to provide additional support for sectors under strain due to the impact of hosting refugees from Syria, such as expanded health and education programs. Funding intended for humanitarian assistance for Syrian refugees in Jordan is not represented in the bilateral request; this programming is generally drawn from multilateral accounts such as International Disaster Assistance (IDA), Migration and Refugee Assistance (MR), and Food for Peace (FFP). At least \$556 million in humanitarian assistance for Syrian refugees has been provided to Jordan since FY12.⁸⁸ In addition, a new assistance platform called the Southern Syria Assistance Platform (SSAP) has been set up at the U.S. Embassy in Amman; this platform is discussed in more detail in the Syria section of this report.

This year's designation of \$350 million in FMF represents a 17 percent increase from the FY15 requested level, to modernize and enhance the ability of the Jordanian Armed Forces (JAF) to meet asymmetric threats and participate effectively in coalition operations. Particularly following the execution of Moaz al-Kasasbeh, members of the U.S. Congress called for increased and expedited military assistance to Jordan. All members of the Senate Armed Services Committee called on Secretary Kerry and Secretary Hagel to expedite the "urgent provision of military materiel to Jordan required in ongoing operations against Islamic State of Iraq and the Levant (ISIL)" after hearing concerns from King Abdullah II "that Jordan is experiencing complications and delays in obtaining certain types of military equipment

through our foreign military sales system."⁸⁹ A group of 23 lawmakers, led by Rep. Duncan Hunter (R-CA) called on the U.S. Air Force to lend drones to Jordan.⁹⁰ Months earlier, Rep. Ileana Ros-Lehtinen (R-FL) introduced the United States-Jordan Defense Cooperation Act of 2014⁹¹ in order to expedite arms transfers and defense articles "so that Jordan has the tools necessary to not only repel ISIL but to take the fight to the terror group and destroy it."⁹²

As the conflict in Syria enters its fourth year, policymakers are growing increasingly concerned about the spillover effects on U.S. allies in the region, including Jordan, and their ability to cope with the massive economic, social, and political strains of hosting large numbers of refugees. Secretary Kerry testified in February 2014, the influx of refugees "has a major impact on Jordan's economy, on its social structure, its politics[...]we believe that this pressure on Jordan is a reason to really try to work harder to find the way forward to get some kind of political resolution out of Syria."⁹³ The new, larger MOU governing U.S. assistance to Jordan is the latest demonstration of the strong support that the Jordanian king and government have long enjoyed in Washington. This strong backing of continued, and increasing, levels of assistance is shared widely among the administration and Congress and will ensure high assistance levels to both the bilateral account as well as multilateral sources that provide humanitarian support to Syrian refugees in the country.

VI. LEBANON

Lebanon continues to cling to fragile stability despite an ongoing political stalemate and increasing pressure stemming from neighboring

⁸⁸ "U.S. Humanitarian Assistance in Response to the Syrian Crisis." The U.S. Department of State, March 31, 2015. <http://www.state.gov/t/pa/prs/ps/2015/03/239971.htm>

⁸⁹ "Senate Armed Services Committee Members Call for Urgent Support to Jordan in Fight Against ISIL." Senators John McCain and Jack Reed, February 4, 2015. <http://www.armed-services.senate.gov/press-releases/senate-armed-services-committee-members-call-for-urgent-support-to-jordan-in-fight-against-isil>

⁹⁰ Mak, Tim. "America's New 'Lend-Lease' for Drones." *Daily Beast*. April 17, 2015. <http://www.thedailybeast.com/articles/2015/04/17/america-s-new-lend-lease-for-drones.html>

⁹¹ H.R. 5648 "To Improve Defense Cooperation between the United States and the Hashemite Kingdom of Jordan." Offered by Rep. Ileana Ros-Lehtinen, September 18, 2014. <http://foreignaffairs.house.gov/bill/hr-5648-united-states-jordan-defense-cooperation-act-2014>

⁹² "Ros-Lehtinen Praises Foreign Affairs Committee Passage of United States-Jordan Defense Cooperation Act." Rep. Ileana Ros-Lehtinen, April 23, 2015. <https://ros-lehtinen.house.gov/press-release/ros-lehtinen-praises-foreign-affairs-committee-passage-united-states-jordan-defense>

⁹³ "Hearing: Review of Resources, Priorities, and Programs in FY 2016 State Department Budget Request." Senate Committee on Foreign Relations, February 24, 2015. <https://www.foreign.senate.gov/hearings/review-of-resources-priorities-and-programs-in-the-fy-2016-state-department-budget-request-050515>

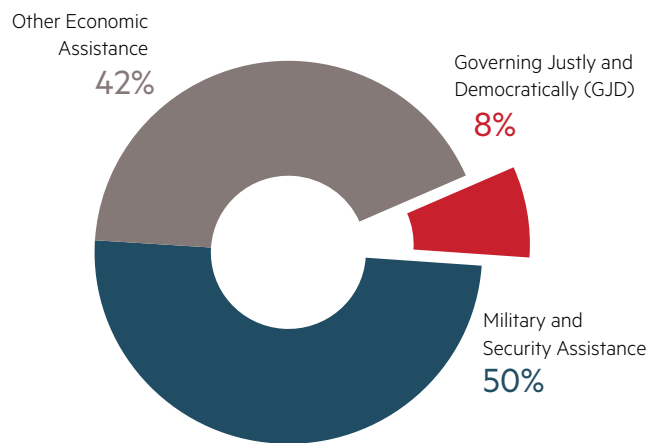
conflicts, particularly in Syria. The country’s parliamentary elections—originally scheduled for June 2013—have now been delayed twice, most recently in November 2014, with the legislature extending its mandate an additional 31 months until June 2017. The parliament has also failed for the last two years to reach an agreement on how to amend the country’s complex electoral law and has been unable to reach consensus to fill the presidency, which has been vacant since May 2014.

Meanwhile, spillover from neighboring conflicts has continued to place additional stress on the country. Lebanon now hosts an estimated 1.3 million Syrian refugees, an exceptional figure in a country of only 4.5 million, which already includes more than 400,000 Palestinian refugees.⁹⁴ Gradually escalating violence has heightened tensions as well, with Islamic State and other radical militants making an incursion into Lebanese territory in August 2014 and killing a number of soldiers and civilians. Hezbollah’s continued participation in the Syrian war has also broadened tensions domestically, threatening to upend Lebanon’s delicate political equilibrium.

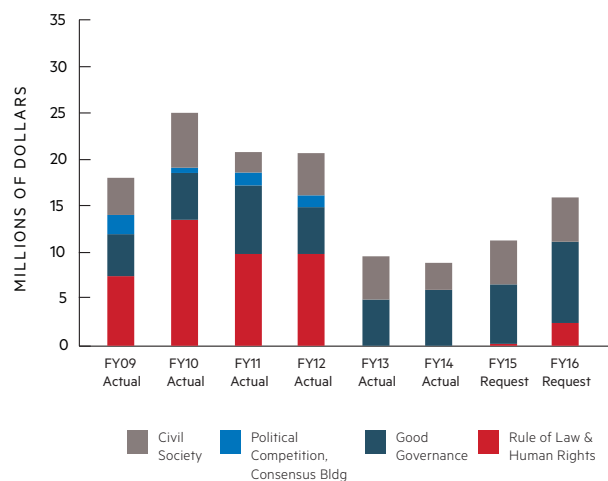
In this context, the administration has requested \$210.5 million for Lebanon in FY16, an increase of \$55.3 million (35 percent) over the FY15 request. ESF comprises \$110 million (52 percent) of the request, while \$80 million is requested for FME, \$2.8 million for IMET, \$13 million for INCLE, and \$4.8 million for NADR. Assistant Secretary of State Anne Patterson attributed the increases in economic and military support to as a reflection of U.S. “commitment to Lebanon and supporting its ability to address the challenges stemming from the spillover effects from the Syria conflict.”⁹⁵ In addition, of the more than \$3 billion in humanitarian assistance responding to the Syria crisis, nearly \$616 million has been designated for Lebanon, distributed through UN agencies as well as other international and local NGOs.⁹⁶

Of the ESF, the administration is seeking \$13.7 million for democracy and governance programming, which represents 6.5 percent of the total budget request for Lebanon. Two-thirds of the democracy and governance funding will be devoted to good governance programming, with the remainder going toward civil society support. This represents a \$2.4 million increase over last year’s request for democracy and governance funding. The remainder of the ESF (87.5 percent) would be programmed to

LEBANON: TOTAL FY16 REQUEST



LEBANON: GJD FUNDING: FY09-16



⁹⁴ “2015 UNHCR Country Operations Profile – Lebanon.” UNHCR, 2015. <http://www.unhcr.org/pages/49e486676.html>

⁹⁵ “Subcommittee Hearing: Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” House Committee on Foreign Affairs, March 18, 2015. <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

⁹⁶ “Lebanon Country Development Cooperation Strategy (CDCS)” USAID, 2014-2018. <http://www.usaid.gov/results-and-data/planning/country-strategies-cdcs>

support economic growth as well as health and education projects.

Much of the governance programming will focus on building the capacity of local and municipal governments, which is generally viewed as a better and more effective use of resources due in large part to the dysfunction and inefficacy of the national government. The FY16 budget request states that approximately \$5.3 million of the funding will be directed to “build the institutional capacities of municipalities and municipal unions,” and to help “strengthen the capacity of local NGOs to participate in municipal governance.” Other portions of the funds will “support short-term interventions to mitigate rising sectarian and host community-refugee tensions and to counter the influence of violent extremist groups.”⁹⁷ A recent USAID country strategy document noted that, while Lebanon’s NGO sector is maturing and functions as a cross-confessional link in some cases, in general “organizations that seek to impact public policy are disconnected from the grassroots, [and] those active at the grassroots level have little understanding of advocacy.”⁹⁸ While U.S.-funded programming aims to address these issues at the local level, it seems that more work could be done to strengthen advocacy capacities at the national level as well.

On one hand, the emphasis on local municipal governments and civil society engagement at the local level makes sense, given the current dysfunction of national politics and government in Lebanon. But on the other hand, this only reinforces perceptions that the U.S. government has little or no interest in genuine democratic reform at the national level. This is exacerbated by perceptions that U.S. funding in Lebanon has become highly “politicized” in the sense that it is doled out as patronage and to strengthen ties with particular actors or parties in the country rather than in support of democratic

principles. This has been accompanied by the U.S. administration increasingly forbidding organizations that receive U.S. democracy funding from working with particular parties or groups. This spring, MEPI abruptly cancelled all existing programming that aimed to support independent, moderate Shi’a voices in the country, intended to provide an alternative to Hezbollah among Shi’a, Lebanon’s largest religious confessional group.⁹⁹ In addition, the administration has also forbidden any cooperation through U.S. government funds with members of the March 8 coalition, which includes parties that had participated in U.S.-funded democracy programming in previous years.

On the military and security assistance side, funding levels have remained consistent from the FY15 to FY16 request. FMF levels remain at \$80 million, while the requests for IMET and NADR are \$2.8 million and \$4.8 million, respectively. The INCLE request includes a \$3 million (30 percent) increase for FY16, most of which can be attributed to a \$2.5 million request for a rule of law and human rights component to the INCLE training. Assistant Secretary Patterson testified that Lebanon’s military aid is support for the “critical partnership with the Lebanese Armed Forces [LAF] and the Internal Security Forces [ISF] as they counter the [Islamic State] and other extremist threats at and within its borders.”¹⁰⁰ The CBJ describes a “strong and independent” LAF as a key U.S. objective to neutralize extremist threats and delegitimize Hezbollah’s “public claim that its arms and militia are necessary to defend Lebanon’s sovereignty.”¹⁰¹

As part of that military partnership, the United States has accelerated two weapons shipments (August 2014 and February 2015) totaling more than \$45 million, including mortars, anti-tank ammunition, and assault rifles. “We are

⁹⁷ “Congressional Budget Justification, Foreign Operations” U.S. Department of State, 2015. <http://www.state.gov/documents/organization/238222.pdf>

⁹⁸ “Lebanon Country Development Cooperation Strategy (CDCS)” USAID, 2014-2018. <http://www.usaid.gov/results-and-data/planning/country-strategies-cdcs>

⁹⁹ Schenker, David. “Lebanon Continues to Muddle Through,” Washington Institute for Near East Policy, April 13, 2015. <http://www.washingtoninstitute.org/policy-analysis/view/lebanon-continues-to-muddle-through>

¹⁰⁰ “Statement for the Record by Ambassador Anne W. Patterson for the Subcommittee on the Middle East and North Africa.” House Foreign Affairs Committee, March 18, 2015. <http://docs.house.gov/meetings/FA/FA13/20150318/103179/HHRG-114-FA13-Wstate-PattersonA-20150318.pdf>

¹⁰¹ “Congressional Budget Justification, Foreign Operations” U.S. Department of State, 2015. <http://www.state.gov/documents/organization/238222.pdf>

fighting the same enemy, so our support for [Lebanon] has been swift and continuous,” U.S. Ambassador David Hale stated in February 2015. Hale said at the time that Lebanon has received more than \$1 billion in military assistance in the previous eight years.¹⁰² Saudi Arabia has also pledged approximately \$4 billion to Lebanon’s security forces in the previous two years—\$3 billion to finance the purchase of French-made equipment and \$1 billion to bolster “security and stability.”¹⁰³ The Obama administration has defended the importance of “a consistent and targeted FMF program that helps to meet the LAF’s identified needs remains crucial to U.S. policy interests in Lebanon.”¹⁰⁴

Legislative language ensures that no security assistance can be provided to the LAF or the ISF if “controlled by a foreign terrorist organization,” referring to Hezbollah. Additionally, Chairwoman of the House Foreign Affairs Subcommittee on the Middle East and North Africa Ileana Ros-Lehtinen (R-FL) has requested that the State Department conduct an evaluation of the United States’ security assistance relationship with Lebanon, with the resulting framework utilized to review other assistance relationships—namely Egypt. That review was put on hold in November 2014 due to security concerns for U.S. personnel and for fear of pulling “[LAF] troops away from the front lines in the fight against [extremists].”¹⁰⁵

Ongoing political stalemate and rising tensions in Lebanon and its neighbors ensure another challenging year for U.S. policy toward the country. Additionally, the upcoming departure of Ambassador Hale may pose further challenges for continuity in U.S. policy toward Lebanon. The United States has emphasized the

importance of filling the presidential vacancy;¹⁰⁶ there should be concerted efforts by the U.S. to encourage the resumption of the political process in addition to continued engagement with the LAF. The United States should also review its strategy for democracy and governance assistance to address widespread perceptions that such programming is being used to strengthen ties with particular actors rather than to support democratic principles.

VII. LIBYA

The political paralysis and internal conflicts that have characterized Libya since its revolution have grown dramatically more violent over the past year as most of the country has now fallen captive to two rival camps. On one side is the anti-Islamist “Operation Dignity” faction led by General Khalifa Heftar, which is aligned with the internationally recognized House of Representatives in Tobruk. On the other stands “Operation Libya Dawn,” a loose alliance of moderate and extremist Islamists, formerly exiled opposition, Misratan militias, and Berber tribal elements “united mainly by a fear of General [Heftar]”¹⁰⁷ and aligned with what remains of the previous legislative body, the General National Congress (GNC). Complicating matters further, each side has its own government with a number of foreign backers whose support is leading to further violence and making political compromise more elusive.

Both sides continue to jockey over control of the Central Bank, the Libya Investment Authority, and the National Oil Corporation, key assets to supply the financial resources necessary to

¹⁰² “US Delivers \$25M Weapons to Lebanon for Fight against Islamic Extremists.” *The Guardian*, February 8, 2015. <http://www.theguardian.com/world/2015/feb/08/us-25m-weapons-lebanon-islamic-extremists>; “Islamist Gains Prompt US to Send Arms to Lebanon.” *Jersualem Post*, August 29, 2014. <http://www.jpost.com/Middle-East/Military-gains-by-Islamists-prompt-US-to-send-arms-shipments-to-Lebanon-372777>; “U.S. Delivers Arms to Lebanon, Says Fighting ‘Same Enemy.’” *Reuters*, February 8, 2015. <http://www.reuters.com/article/2015/02/08/us-mideast-crisis-lebanon-usa-idUSKBN0LCOLT20150208>

¹⁰³ “French weapons arrive in Lebanon in \$3 billion Saudi-funded deal.” *Reuters*, April 20, 2015 <http://www.reuters.com/article/2015/04/20/us-mideast-crisis-lebanon-army-idUSKBN0NB0GI20150420>

¹⁰⁴ “Congressional Budget Justification, Foreign Operations” U.S. Department of State, 2015. <http://www.state.gov/documents/organization/238222.pdf>

¹⁰⁵ “Questions for the Record Submitted to Assistant Secretary Patterson by Congressman Gerry Connolly” Subcommittee on the Middle East and North Africa House Committee on Foreign Affairs, March 18, 2015

¹⁰⁶ “Remarks at the International Support Group for Lebanon” U.S. Department of State, September 26, 2014 <http://www.state.gov/s/d/former/burns/remarks/2014/232227.htm>

¹⁰⁷ “As Libya Crumbles, Calls Grow for Feuding Factions to Meet Halfway.” *New York Times*, April 13, 2015. <http://www.nytimes.com/2015/04/14/world/middleeast/as-libya-crumbles-calls-grow-for-feuding-factions-to-meet-halfway.html>

sustain themselves. Oil production, the country's principal source of revenue, has continued to fluctuate dramatically as infrastructure continues to be targeted by the rival camps and growing terrorist elements affiliated with jihadist Salafist movements like Ansar al-Sharia and the Islamic State.

The international community has placed cautious hope in ongoing UN-brokered negotiations to form a national unity government. The United States, France, Germany, Spain, Italy, and the United Kingdom see a unity government as “the best hope for Libyans to address [the] terrorist threat and to confront the violence and instability that impedes Libya’s political transition and development,” and have promised full support to such a government should it be formed.¹⁰⁸ This coalition has rebuffed lobbying efforts from the pro-Heftar camp to lift the arms embargo it insists is necessary to fight growing terrorist threats. Meanwhile, the continuing work of the constitutional drafting body is a possible bright spot, though its significance remains unclear as long as violence continues to trump the political process.

Despite these significant challenges, the total of \$20 million requested for bilateral assistance to Libya in the FY16 budget is more than three times the bilateral budget request in FY15 request (\$6.2 million), although even at this increased level the bilateral assistance package would still remain among the smallest in the region.¹⁰⁹ It is also important to note that the size of the requested increase in bilateral assistance could be misleading if taken at face value, as the majority of assistance to Libya since 2011 has been provided outside of the bilateral account. As such, this budget increase represents an effort to begin consolidating assistance into the bilateral account, rather than to dramatically increase overall funding for the country. Of the \$20 million requested, \$10 million is designated for ESF, while the remaining \$10 million is devoted to military and security assistance and training.

All of the FY16 ESF would be devoted to Governing Justly and Democratically (GJD): \$7 million to promote good governance and \$3 million to support civil society. No such assistance was sought in the FY15 ESF request. According to recent testimony by Assistant Secretary of State for Near Eastern Affairs Anne Patterson, the funds will focus on the “key programs targeting local level governance and service delivery, building the capacity of civil society and public institutions, and working to support the political transition.” Patterson acknowledged that “the current security situation has affected some program implementation,” though adjustments were being made as necessary.¹¹⁰ Unfortunately, inherent security risks likely mean that a significant portion of the additional funding will be spent on security needs as well as off-site travel.

Challenges in coordinating democracy funding and programming are also exacerbated by the difficult security environment and the lack of U.S. government personnel on the ground in Libya. Staff of Libyan NGOs have expressed some frustration and confusion over the role of independent but seemingly similar programs funded by MEPI and USAID, as well as a perceived lack of coordination on the ground among various U.S.-based implementing organizations. Some staff of those U.S.-based implementing organizations have also been frustrated by a perceived lack of coordination on strategy between MEPI and USAID, as well as a lack of consultation between U.S. government officials and NGO staff on the ground. U.S.-based organizations have also faced challenges in remaining neutral as members of each of the two main factions in the country attempt to secure recognition, training, and support for their programs.

The military and security portion of the aid package includes \$6.5 million for NADR counterterrorism and nonproliferation programs; \$1.5 million for IMET defense personnel professionalization courses; and \$1.5 million

¹⁰⁸ “Joint Statement on Libya.” The U.S. Department of State, March 21, 2015. <http://www.state.gov/r/pa/prs/ps/2015/03/239659.htm>

¹⁰⁹ The relatively small amount of bilateral aid to Libya is due largely to Libya’s extensive oil resources that would ideally allow the country to pay for its own development and capacity-building efforts.

¹¹⁰ “Statement for the Record: Ambassador Anne W. Patterson, Assistant Secretary of State for Near Eastern Affairs.” House Foreign Affairs Committee, Subcommittee on the Middle East and North Africa, March 18, 2015. http://www.foreign.senate.gov/imo/media/doc/Patterson_Testimony1.pdf

for INCLE technical assistance for law enforcement. \$500,000 of additional INCLE funding is designated to support rule of law and human rights programming for civilian security services.

Tellingly, the Libya-funded \$600 million General Purpose Force (GPF) program that sought to train 6,000-8,000 security personnel has been placed on hold amid the unrest, and the viability of the entire GPF remains in doubt without a clear political authority to report to. There is reportedly a minimal level of Special Operations training (Section 1208) still being administered. Libya has also received security assistance through the Global Security Contingency Fund (approximately \$12 million to date¹¹¹) and is eligible for aid from the Counterterrorism Partnerships Fund, though current funding levels remain unclear given the unrest.

Due to security concerns, the United States currently has no government personnel on the ground in Libya, with most based in Malta at the Libya External Office, though a portion of the personnel will reportedly be relocated to the U.S. Embassy in Tunis in the near future. Despite this, the administration contends that it is “able to continue targeted programs and anticipate continuing needs into FY 2016.” Still, the lack of personnel on the ground will present challenges for implementing both governance and security assistance programs.

Despite not having an on-the-ground presence, the Obama administration deserves credit for playing a strong and positive role in ongoing negotiations between the rival factions. According to analysts, the United States has worked hard to maintain the neutrality of the Central Bank, Libya Investment Authority, and the National Oil Corporation—key institutions whose neutrality has thus far helped ensure the continuation of talks, as neither side can monopolize those institutions’ resources. U.S. engagement and assistance for the talks is important and represents a commendable contribution in an extremely challenging

environment. However, U.S. diplomats must also be permitted to engage with factions and tribes outside the two primary camps, which will be imperative to gain broader buy-in should the political process resume.

Many members of Congress remain preoccupied with the 2012 attacks on the U.S. consulate in Benghazi. Despite a House Intelligence Committee report that dismissed “the swirl of rumors and supported allegations” surrounding the controversy, the House Select Committee on Benghazi continues to investigate the matter and is expected to issue findings in 2016.¹¹² The FY15 omnibus appropriations act again included language that prevented any assistance from being delivered unless the State Department confirms that the Libyan 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.” Lawmakers have also required a detailed justification and description of vetting procedures for any Libyan individual or unit receiving FME.

Despite the hardship and insecurity that they have endured, Libya’s citizens have shown an encouraging resilience in their pursuit of democracy.¹¹³ Continued U.S. support for the dialogue process and a democratic path are critical to finding a political solution to move Libya forward, especially as it is increasingly clear that neither faction is strong enough to exercise complete military control of the country. It is imperative that the United States and its allies continue to resist calls to lift the arms embargo in Libya before a political settlement is reached, as such a move would likely result in an escalation of violence and a deepening of humanitarian crises.

VIII. MOROCCO

King Mohammed VI of Morocco was credited with responding positively to unrest in 2011, pursuing “gradual reform” by allowing openings

¹¹¹ Serafino, Nina M. “Global Security Contingency Fund: Summary and Issue Overview.” Congressional Research Service, April 4, 2014. <https://www.fas.org/sgp/crs/row/R42641.pdf>

¹¹² “GOP-led House Panel release Benghazi probe findings.” Associated Press, November 22, 2014. <http://www.cbsnews.com/news/benghazi-report-from-republican-led-house-panel-debunks-allegations/>

¹¹³ “Committed to Democracy and Unity: Public Opinion Survey in Libya.” National Democratic Institute and JMW Consulting, March 2014. <https://www.ndi.org/node/21161>

for greater political competition and devolving authority away from the monarchy. Yet since then, the country has stagnated politically, with the monarchy feeling less pressure both from inside the country and internationally to undertake meaningful political reform.

Dissent and free expression in the Kingdom have been severely curtailed in the past few years. Beginning in 2013, the government escalated a crackdown on free expression, targeting independent journalists and critical musicians, prosecuting prominent journalist Ali Anouzla and rapper Al-Haked. In summer 2014, this crackdown shifted beyond freedom of expression to also target freedom of association and the ability of civil society organizations to operate and carry out activities. Numerous human rights NGOs reported increased government surveillance, interference in public events, and some instances of violence against staff members. Several NGOs have been forced to close their doors, including the Ibn Rochd Center for Studies and Communication. In the meantime, the government has failed to tackle rampant corruption, and newly empowered political parties are widely viewed as having been co-opted by the monarchy. The country's opposition, meanwhile, has been weakened considerably, and groups such as the February 20 Movement, which was integral in organizing protests in 2011, play an increasingly marginal political role.

The FY16 budget request seeks \$31.6 million overall for Morocco, a very slight increase of just two percent from the FY15 request. \$20 million (63 percent) of the request is dedicated to ESF to help address the "uneven" pace and scope of Morocco's economic reform efforts, promoting youth job creation, and "bolstering effective governance." The remaining funds have been requested for military and security assistance, totaling \$11.6 million (37 percent), to support mutual security and counterterrorism objectives,

as well as to modernize and professionalize law enforcement and defense personnel.¹¹⁴

Of the seven Arab countries with a USAID mission and longstanding aid relationship,¹¹⁵ Morocco receives the smallest amount of bilateral assistance. However, it has also received significant amounts of aid through its five-year, \$698 million Millennium Challenge Corporation (MCC) compact that ended in 2013. The MCC board has approved Morocco for a second compact,¹¹⁶ and the MCC is currently "coordinating with USAID, Department of State, and other U.S. government agencies to ensure complementarity in future programming," according to the budget justification.¹¹⁷

Within the FY16 requested level, \$6 million (19 percent) has been designated for democracy and governance programming, a more than 16 percent decrease from the FY15 request. Two-thirds of these funds would go to supporting civil society, while the remaining one-third would be devoted to fostering political competition and building consensus.

This proposed decrease in funding is disappointing, considering that the level of democracy and governance funding in Morocco has for years been less than any other country in the region with a USAID Mission or a sizable development assistance package. The 2011 version of this report suggested that democracy programs in Morocco were "underfunded" and that there was "a real opportunity for support, given the small size of existing programs, the large number of effective NGOs willing to accept U.S. funding, a new reform agenda to which to hold the monarchy accountable, and a government less hostile to such programs than others in the region." Aside from the Moroccan government's increasing hostility toward civil society, these features persist. There appeared to be serious discussions within the U.S. government about possible increases in such

¹¹⁴ "Congressional Budget Justification: Foreign Operations, Appendix 3." U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

¹¹⁵ Egypt, Iraq, Jordan, Lebanon, Morocco, the West Bank and Gaza, and Yemen.

¹¹⁶ "MCC and Morocco Sign MOU to Support Regional Cooperation." The U.S. Millennium Challenge Corporation, April 9, 2015. <https://www.mcc.gov/pages/press/release/release-040915-morocco-mou>

¹¹⁷ "Congressional Budget Justification: Foreign Operations, Appendix 3." U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

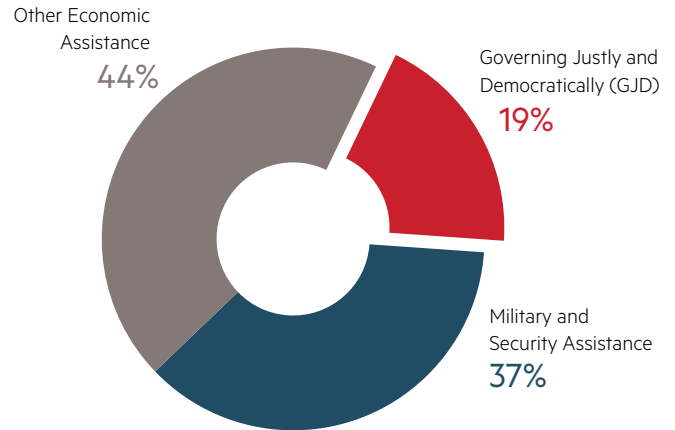
support, but instead the reverse has happened, with the low level of democracy funding reduced even further. Officials say there is no longer any real discussion of increasing bilateral democracy support.

Within the FY16 request, \$5 million was requested for FMF to provide new equipment and maintain existing systems that serve “mutual regional security concerns,” including counterterrorism and security in North Africa, the Sahel, and the Strait of Gibraltar. An additional \$2 million is being sought for IMET defense professionalization training, \$3 million for INCLE police programs, and \$1.6 million for NADR counterterror, border control, and nonproliferation efforts.

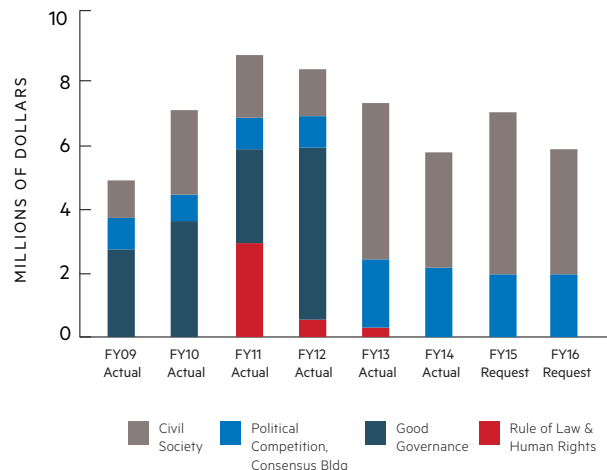
While the bilateral security assistance package remains modest, the United States and Morocco have strong security and military ties historically. The country is designated as a major non-NATO ally, performs the annual “African Lion” military exercises with the United States, and is generally viewed as one of Washington’s strongest counterterror partners. Further, a bilateral framework was also signed in August 2014 to “develop mutual expertise in the areas of crisis management, border security, and terrorism investigations to strengthen regional counterterrorism capabilities.”¹¹⁸

The U.S.-Morocco strategic dialogue has also been an outlet to strengthen relations and encourage limited reforms. After the third strategic dialogue session in April 2015, the United States praised the King for agreeing to halt military trials for civilians, allowing the registration of some NGOs, starting programing to encourage civil society participation in upcoming elections, and implementing immigration reforms.¹¹⁹ Yet, as one official noted, the United States focused narrowly on these reforms—originally agreed to by President Obama and King Mohammed VI during his 2013 visit—at the expense of badly needed broader reforms in the country. And in the two years that have passed since those three areas were agreed upon, no new reform goals

MOROCCO: TOTAL FY16 REQUEST



MOROCCO: GJD FUNDING: FY09-16



have been developed.

Debate also continues between the administration and Congress about how U.S. assistance to Morocco is spent in the Western Sahara. The FY15 omnibus appropriations bill stated, “Funds appropriated under Title 3 of the Act shall be made available for assistance for the Western Sahara,” which compels (rather than recommends, as in previous years) the United States to spend bilateral aid money in the territory. The administration has repeatedly deferred such actions in the past, saying they may undercut UN-led mediation efforts in the Western Sahara.

¹¹⁸ “US-Morocco Framework for Cooperation.” The U.S. Department of State, August 7, 2014. <http://www.state.gov/r/pa/prs/ps/2014/230386.htm>

¹¹⁹ “Joint Statement of the Third Session of the U.S.-Kingdom of Morocco Strategic Dialogue.” The U.S. Department of State, April 9, 2015. <http://www.state.gov/r/pa/prs/ps/2015/04/240531.htm>

IX. SYRIA

The United Nations and a global alliance of agencies and nonprofits called 2014 the worst year in the Syrian conflict: more than 11.2 million Syrians have now been displaced in the worst refugee crisis in 20 years, and at least 76,000 people died in the conflict in 2014 alone.^{120,121} On the fourth anniversary of the Syrian Uprising in March 2015, Deputy Secretary of State Anthony Blinken noted, “Four-fifths of Syrians are now living below the national poverty line. Life expectancy has been reduced by 20 years—from 79 years in 2010 to 55 last year.”¹²²

Peace talks between government and opposition forces have largely been abandoned after a failure to produce a negotiated settlement to the crisis. Despite recent efforts to renew talks in Geneva by Staffan de Mistura, UN special envoy for the Syria crisis,¹²³ a number of Syrian rebel factions have rejected the invitation.¹²⁴ Meanwhile, the Islamic State has emerged to fill the vacuum in a number of areas inside Syria. Assistant Secretary of State for the Bureau of Democracy, Human Rights, and Labor (DRL) Tom Malinowski said in September 2014:

“[The Islamic State] ascended because a dictator in Syria has spent three years trying to crush what began as a peaceful democratic movement, destroying towns and cities, driving half the people of his country from their homes, until some of them became so desperate that they turned to the false deliverance and destructive fanaticism ISIL offered.”¹²⁵

After a series of barbaric executions, including that of American journalist James Foley, the United States assembled an anti-Islamic State coalition and began combined air strikes against IS positions in Syria. Efforts to train and equip moderate elements of the Syrian opposition have faltered, while terrorist organizations such as the Islamic State and Jabhat al-Nusra have emerged as the most effective armed groups to seize territory and defeat Assad forces on the battlefield.

Secretary Kerry was roundly criticized in March 2015 for suggesting the United States would negotiate with Syrian President Bashar al-Assad to remove him from power and bring the Syrian civil war to a close. The State Department immediately clarified and reiterated the U.S. position: “By necessity, there has always been a need for representatives of the Assad regime to be a part of this process. It has never been and would not be Assad who would negotiate—and the secretary was not saying that today.”¹²⁶

The United States continues to be the largest humanitarian donor to the Syrian people, having provided nearly \$3.7 billion in humanitarian aid since the conflict began in March 2011.¹²⁷ Of that total, \$1.82 billion has been for assistance inside Syria, and the remainder for Syrian refugees inside Lebanon (\$792 million), Jordan (\$556 million), Turkey (\$259 million), Iraq (\$165 million), and Egypt (\$78 million).¹²⁸

Continuing a trend that began in the President’s FY15 budget request, the FY16 request proposes a significant assistance package of \$255 million designated specifically for Syria, which

¹²⁰ “World shares blame for Syria’s worst year ever: Rights groups.” Middle East Eye, March 12, 2015. <http://www.middleeasteye.net/news/2014-was-syrias-worst-year-ever-say-rights-groups-1690178503>

¹²¹ Gladstone, Rick and Ghannam, Mohammad. “Syria Deaths Hits New High in 2014, Observer Group Says.” *New York Times*, January 1, 2015. <http://www.nytimes.com/2015/01/02/world/middleeast/syrian-civil-war-2014-deadliest-so-far.html>

¹²² Blinken, Anthony. “Reception to Commemorate the Fourth Anniversary of the Syrian Uprising.” U.S. Department of State, March 13, 2015. <http://www.state.gov/s/d/2015/238876.htm>

¹²³ Nichols, Michelle. “U.N. invites Syrian parties to Geneva peace talks in May.” Reuters, April 24, 2015. <http://www.reuters.com/article/2015/04/24/us-syria-crisis-un-talks-idUSKBN0NF0YJ20150424>

¹²⁴ “Syrian opposition coalition turns down talks with U.N. envoy.” Agence-France Presse, May 11, 2015. <http://news.yahoo.com/syria-opposition-coalition-turns-down-talks-un-envoy-182212184.html>

¹²⁵ Malinowski, Tom. “Remarks at the Launch of the Senate Human Rights Caucus.” U.S. Department of State, September 10, 2014. <http://www.state.gov/j/drl/rls/rm/2014/231546.htm>

¹²⁶ Diamond, Jeremy. “John Kerry: U.S. must eventually negotiate with Assad.” CNN, March 16, 2015. <http://www.cnn.com/2015/03/15/politics/john-kerry-negotiate-assad-syria/>

¹²⁷ “Syria - Complex Emergency Fact Sheet #5, Fiscal Year (FY) 2015.” United States Agency for International Development, March 31, 2015. http://www.usaid.gov/sites/default/files/documents/1866/syria_ce_fs05_03-31-2015.pdf

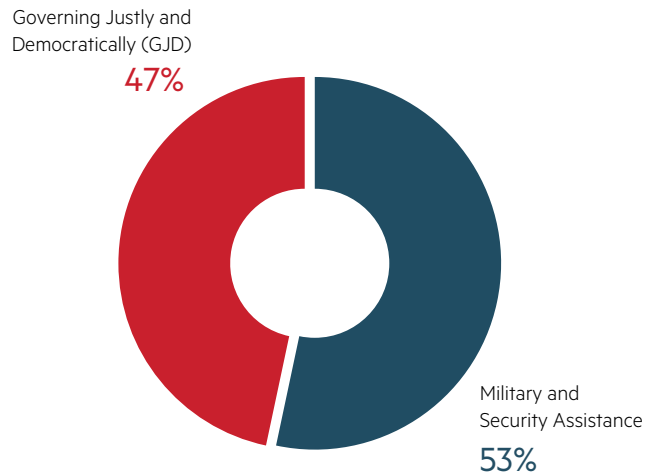
¹²⁸ “U.S. Humanitarian Assistance in Response to the Syrian Crisis.” U.S. Department of State, March 31, 2015. <http://www.state.gov/r/pa/prs/ps/2015/03/239971.htm>

represents a 65 percent increase over the FY15 request. The FY16 request also includes for the first time an allocation of \$65 million under the Peacekeeping Operations heading to allow the State Department to “continue the provision of non-lethal support to vetted units of the armed moderate opposition as a complement to the Department of Defense program to train and equip these units.”¹²⁹

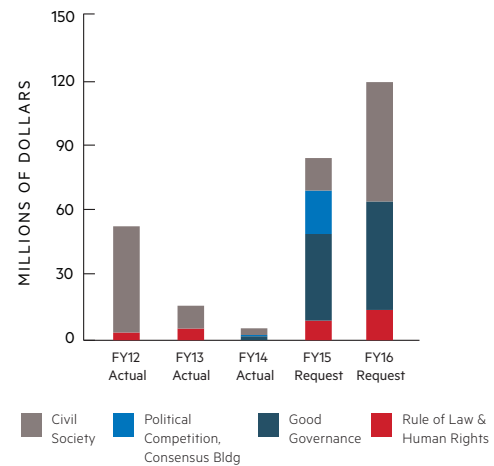
Of the \$255 million requested in FY16, \$115 million is designated for democracy and governance programming, which represents a 42 percent increase over the FY15 request. This assistance is intended to support national- and local-level moderate opposition governance institutions to provide basic governance and essential services. This support ranges from training of local government and civil society actors, the development of independent media outlets, delivery of essential services, women’s leadership, documentation of human rights violations, and support for marginalized populations.

Assistance to Syria is overseen and coordinated by the State Department’s Near Eastern Affairs Office of Assistance Coordination (NEA/AC), as well as the Syrian Transition Assistance Response Team (START) based in Turkey and the Southern Syria Assistance Platform (SSAP) based in Jordan. The START team is headed by Mark Ward, the State Department’s senior advisor on assistance to Syria, and has been tasked with coordinating Syria assistance, primarily to Northern Syria, via Turkey since summer 2013. START includes representatives from the State Department Bureaus of Conflict and Stabilization Operations (CSO), Near Eastern Affairs, a soon-to-be-filled slot for DRL, MEPI, and the Department of Defense. The SSAP team is led by Polly Dunford, USAID deputy mission director and director for Syria-related programs, and coordinates assistance to Southern Syria via Jordan. Formalized within the last year, SSAP coordinates Syria-related assistance efforts in Jordan that have been ongoing since 2011, focusing on humanitarian assistance and restoration of services in liberated areas such as Deraa.

SYRIA: TOTAL FY16 REQUEST



SYRIA: GJD FUNDING, FY12-16



Some congressional staff and observers have suggested that the SSAP in Amman may receive more diplomatic support and attention than START for three reasons: 1) Jordan appears to be more cooperative than Turkey with U.S. efforts to back both civilian and armed elements of the Syrian opposition, 2) Jordan has direct communication with the Free Syrian Army-affiliated Southern Front alliance, and 3) opposition-held areas in the North have increasingly come under the control of Jabhat al-Nusrah-affiliated forces, which the U.S. has labeled a Foreign Terrorist Organization.¹³⁰ Some congressional staff and advocates calling

¹²⁹ “Congressional Budget Justification: Foreign Operations, Appendix 3.” U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

¹³⁰ “Terrorist Designations of the al-Nusrah Front as an Alias for al-Qa’ida in Iraq.” U.S. Department of State, December 11, 2012. <http://www.state.gov/r/pa/prs/ps/2012/12/201759.htm>

for more support to the armed opposition in Syria criticize the “firewall” between lethal and non-lethal assistance and suggest that the SSAP can better develop more unified supply lines for such assistance. At the same time, other U.S. officials have noted that Turkey is much more accepting of work with civil society as compared to Jordan, which demands “more scrutiny” over programs that might focus on domestically sensitive political skills or issues. Finally, another complication of this bifurcated North-South approach to U.S. assistance to Syria is the risk that provinces in the center of the country, such as Homs, may become neglected by both platforms.

In order to implement democracy and governance programming in Syria, where the United States has no official presence, the U.S. has developed new systems of third-party reporting as well as monitoring and evaluation (M&E) mechanisms, which are coordinated by START and SSAP through close contacts with opposition figures, local and provincial council members, civil society groups, and other donors working inside Syria. Nonetheless, programming without a presence in the country relies primarily on international NGOs based outside of Syria, and only a fraction of the GJD money allocated reaches Syrians inside the country. One democracy implementer interviewed for this report described local Syrian groups as feeling “like everyone is stealing from us,” as they hear or read of large amounts of GJD funding allocated, yet see much smaller amounts reaching Syrians on the ground.

As the conflict in Syria enters its fifth year, a number of U.S. bureaucratic and personnel changes are taking place, primarily to regularize assistance from an emergency, rapid-response footing to one that more closely resembles a sustained assistance relationship. For example, as the Bureau of Conflict and Stabilization Operations (CSO) has begun to phase out its assistance for Syria, MEPI has begun to take over longer-term programming in democracy and governance areas. CSO primarily has a

short-term, rapid-response mandate, so this move is natural under the circumstances of sustained conflict. Some implementers suggest that USAID’s Office of Transition Initiatives (OTI) has a similar profile and that it could be the next U.S. mechanism to have its programming transitioned to other mechanisms; OTI’s programming in Syria is currently scheduled to continue until at least early 2016.¹³¹ With Mark Ward rumored to be departing from his leadership role at START this summer, some officials worry about the continuity and institutional memory of START, given his significant involvement in the day-to-day affairs of the platform from its inception.

Some democracy implementers and congressional offices have criticized changes to MEPI-funded programs to support local councils inside Syria and governance structures outside Syria. As changes were made in terms of the international NGOs implementing these programs, there is concern that relationships built with some of the local councils may have been lost. One observer also complained that there has been “no serious effort” by the State Department to develop the capacity of Syrian opposition inside the country, resulting in part from initial reluctance to work politically with armed groups inside Syria.

The U.S. has also provided more than \$1.2 billion in food assistance for Syria since the beginning of the conflict. Deputy Secretary of State Anthony Blinken noted on the fourth anniversary of the Syrian Uprising in March 2015 that “[t]he regime leverages food and water as a weapon of war. It removes medical and surgical supplies from humanitarian convoys, even as those shipments are authorized for delivery.”¹³² Some have criticized the UN Office for the Coordination of Humanitarian Affairs (OCHA) and World Food Programme (WFP) policies on food assistance, as these programs are primarily channeled through the Assad government in Damascus. Assad’s government continues to only provide food assistance to regime-controlled areas and uses it as leverage

¹³¹ “Audit of USAID’s Office of Transitions Initiatives’ Syria Related Activities (Executive Summary).” Office of the Inspector General, United States Agency for International Development, July 20, 2014. <https://oig.usaid.gov/sites/default/files/audit-reports/8-276-14-002-p.pdf>

¹³² “United States Provides \$125 Million to the World Food Program for the Syria Crisis.” U.S. Department of State, February 17, 2015. <http://www.state.gov/r/pa/prs/ps/2015/02/237529.htm>

to demand surrender from opposition forces, therefore indirectly strengthening its hold on power. Although the UN Security Council authorized cross-border aid access in Syria in July 2014,¹³³ critics contend the wording of the resolution was too weak and that there are still no relief agencies that are doing cross-border work.

As the conflict in Syria enters its fifth year, the administration deserves credit for moving to systematize assistance to Syria within the bureaucracy and shift away from an ad hoc, reactionary approach. At the same time, many observers who track the Syria conflict complain that assistance is divorced from policy and that the U.S. lacks a coherent strategy to push Assad out of power. Although Secretary Kerry marked a “milestone” in neutralizing the Syrian regime’s deadliest chemical weapons,¹³⁴ barbaric practices including the use of barrel bombs and chemical weapons against civilians continue.¹³⁵

X. TUNISIA

Tunisia has demonstrated remarkable progress in its democratic transition since 2011, shown by its passage of a landmark constitution—unprecedented in the Arab world in the democratic nature of both its content and the process by which it was drafted and passed—as well as undertaking the first peaceful transfer of power in an Arab democracy after holding successful parliamentary and presidential elections in 2014. In February 2015, Prime Minister-designate Habib Essid formed a coalition government, including members of Ennahda, that was overwhelmingly approved by the Assembly.

While Tunisia has taken important political strides, the weak economy—a root cause of the revolution—has continued to struggle, and Tunisia’s leadership has not implemented the types of structural reforms needed to spur economic growth and create jobs. Security

sector reform and accountability measures—also both key demands of the revolution—have been lackluster as well. The March 2015 Bardo Museum attack, which killed 23 and injured dozens more, illustrates the significant challenges still facing Tunisia’s security forces.

This year’s budget request includes \$134.4 million in bilateral assistance, which is more than double the FY15 bilateral request of \$66 million. Of this overall amount, 57 percent (\$76.4 million) is designated for military and security assistance, 16 percent (\$21.2 million) is designated for democracy and governance programming, and the remaining 27 percent (\$36.8 million) is designated for other economic and development assistance.

The \$21.2 million for democracy and governance proposed in the FY16 budget request would aim to help build the capacity of the Tunisian government through training, legal reforms, improving civic participation, and increasing transparency, accountability, and responsiveness to citizens. Democracy and governance programming will focus on supporting preparations for upcoming municipal elections, building local governments’ capacity on service delivery, continuing support to civil society in a “watchdog” role to hold government institutions accountable, provide media training, and encourage youth engagement. In FY15, Tunisia also benefitted from a supplemental \$30 million in democracy and governance funding, which was transferred from unspent funds originally designated for a cash transfer to the Government of Egypt (see the Egypt country section for more detail).

Undertaking economic reform amid high unemployment and public frustration is a key challenge for the newly elected Tunisian government. The ESF request will “facilitate top-down market-oriented reforms that address Tunisia’s three primary constraints for growth: 1) weak institutions that focus on public sector

¹³³ “UN Security Council authorizes cross-border aid access in Syria.” Reuters, July 14, 2014. <http://www.reuters.com/article/2014/07/14/us-syria-crisis-un-aid-idUSKBN0FJ1Z320140714>

¹³⁴ Kerry, John. “Milestone in Eliminating Syria’s Chemical Weapons Program.” U.S. Department of State, August 18, 2014. <http://www.state.gov/secretary/remarks/2014/08/230705.htm>

¹³⁵ “Syria: New Spate of Barrel Bomb Attacks.” Human Rights Watch, February 24, 2015. <http://www.hrw.org/news/2015/02/24/syria-new-spate-barrel-bomb-attacks>; Rogin, Josh and Lake, Eli. “U.S. Says Assad Caught with Sarin. Again.” Bloomberg View, May 13, 2015. <http://www.bloombergview.com/articles/2015-05-13/assad-is-said-to-be-hiding-chemical-weapons-in-syria>

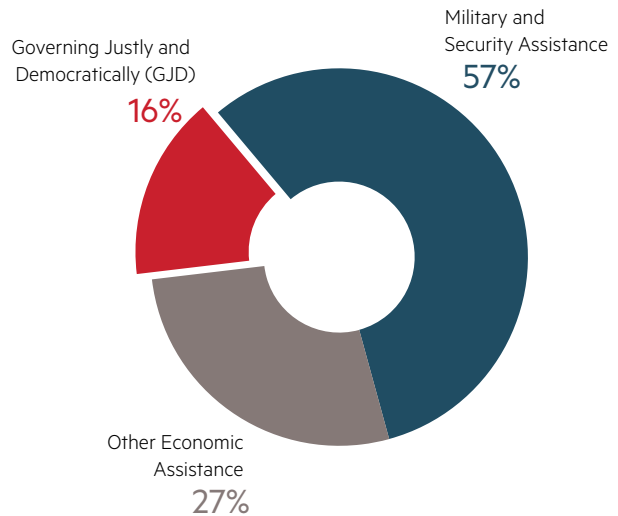
accountability, the rule of law, and checks and balances on power; 2) high fiscal and regulatory costs of employing workers; and 3) lack of access to capital by small and medium sized business. In addition, the United States will continue to support bottom-up economic growth including professional capacity building of women and youth in historically marginalized areas.¹³⁶ Of the \$55 million requested in ESF for FY16, \$20 million is marked to support the Tunisian-American Enterprise Fund. (This amount will be the final annual contribution to the TAEF and complete its capitalization at \$60 million.) \$10 million will fund the Thomas Jefferson Scholarships program,¹³⁷ and the remaining \$25 million will be used to support other economic assistance including GJD programs.

Last year's edition of this report criticized the FY15 budget request of \$66 million as "shockingly low," and that "Tunisia should be the priority. It's the only country where investments are clearly yielding results." This year, officials report that the FY16 bilateral increase had widespread interagency support, and congressional staff expect that broad support for Tunisia on Capitol Hill will likely translate into full funding for this increased budget request for FY16.

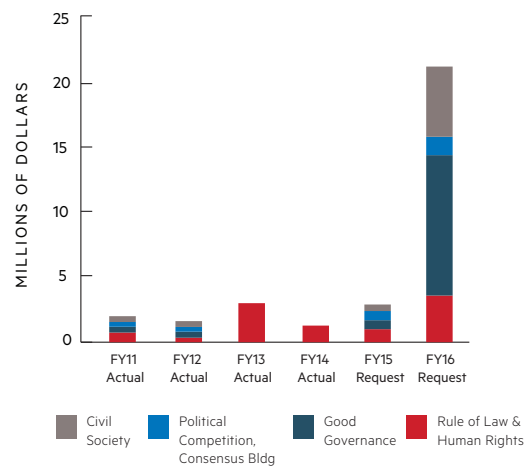
The proposed FY16 level for security assistance is more than double the FY15 request and aims to improve counterterror capabilities, enhance border security, and support police and prison reform.¹³⁸ This assistance seeks to address growing security challenges, particularly external threats emanating from Libya and Algeria, as well as internal threats posed by terrorist cells affiliated with al-Qaeda in the Islamic Maghreb (AQIM). Security forces arrested 1,500 militants in 2014¹³⁹ and arrested hundreds more following the attacks at the Bardo Museum in March 2015.¹⁴⁰ The

estimated number of Tunisian foreign fighters participating in regional conflicts has surpassed 7,000, with more than 4,000 in Libya and 3,000 in Syria and Iraq;¹⁴¹ Tunisian authorities have also barred an additional 12,000 Tunisians from leaving the country on suspicion that they sought to fight with radical movements elsewhere in the region.¹⁴²

TUNISIA: TOTAL FY16 REQUEST



TUNISIA: GJD FUNDING, FY11-16



¹³⁶ "Congressional Budget Justification: Foreign Operations, Appendix 3." U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

¹³⁷ "Thomas Jefferson Scholarship Program 2015-2016 Launch." November 12, 2014. <http://tunisia.usembassy.gov/embassy-announcements4/thomas-jefferson-scholarship-program-2015-2016-launch-november-12-2014.html>

¹³⁸ "U.S. Security Assistance to Tunisia." Security Assistance Monitor, April 2015. <http://securityassistance.org/sites/default/files/Tunisia-Country-Profile-Final.pdf>

¹³⁹ Malka, Haim. "Tunisia's Museum Attack." CSIS, March 18, 2015. <http://csis.org/publication/tunisias-museum-attack>

¹⁴⁰ "Tunisia Weekly Update: February 26, 2015" POMED. <http://pomед.org/regional-news-digests/tunisia-weekly-update-u-s-ambassador-meets-with-essebsi-tunisia-tackles-security-challenges/>

¹⁴¹ "More than 7,000 Tunisians said to have joined the Islamic State." McClatchy, March 17, 2015. <http://www.mcclatchydc.com/2015/03/17/260058/more-than-7000-tunisians-said.html>

¹⁴² "Tunisia banned over 12,000 from travelling to terrorist hubs." Middle East Monitor, April 18, 2015. <https://www.middleeastmonitor.com/news/africa/18119-tunisia-banned-over-12000-from-travelling-to-terrorist-hubs>

Encouragingly, the Bardo attacks did not cause U.S. officials to question or withdraw support for Tunisia’s democratic transition, but instead appears to have reinforced their resolve. Assistant Secretary of State for Near Eastern Affairs Anne Patterson testified in March 2015, “This horrific attack underlines the critical need to support Tunisia as addressed in the FY16 budget. Our FY 2016 request of a \$134 million represents a nearly \$77 million increase above our FY 2014 allocation and demonstrates our commitments to Tunisia’s nascent democracy.”¹⁴³ Ranking Member of the House Foreign Affairs Subcommittee on the Middle East and North Africa Ted Deutch (D-FL) stated:

“One reason that [the Bardo attack] is so disconcerting is that there have been promising developments in countries like Tunisia... And if we’re to prevent any further destabilization in Tunisia and help set the country back on the path to economic prosperity, the United States has to continue to provide support—both politically and economically—and I’m pleased to see this year’s budget request contains \$134 million for Tunisia.”¹⁴⁴

As bilateral funding to Tunisia increases, the administration will look for new opportunities to support Tunisia’s democratic transition. An interagency delegation traveled from Washington to Tunisia in April-May 2015 to undertake a democracy and governance needs assessment that will inform GJD programming strategies moving forward.

At the same time, some democracy implementers have noted that beyond some limited funding from MEPI, there is a lack of resources for political party and parliamentary development, especially in light of upcoming municipal elections. In addition, many observers note that the Nidaa Tounes party was formed largely as an anti-Ennahda alliance, lacking internal party structure or a detailed platform. Now that Nidaa

Tounes holds a majority of parliamentary seats, there are risks that the coalition of interests that had united under the Nidaa party banner may begin to fragment. Implementers note a hunger for municipal elections in the country, but insufficient funding are available for political parties or domestic observers to prepare for the polls. With increased funding, some implementers contend that programming could be expanded by ten times its current size given the impressive absorptive capacity of Tunisian civil society, an educated population, receptive political parties, and unprecedented political will and receptivity by the government.

In April 2014, 65 co-signatories—four former U.S. Ambassadors to Tunisia, six former Assistant Secretaries of State, eight former Members of Congress, and many other former government officials and Middle East experts—wrote Secretary Kerry with a list of policy recommendations for U.S. policy in Tunisia. This included a recommendation to open a USAID Mission in Tunisia.¹⁴⁵ Officials report that U.S. Ambassador to Tunisia Jacob Walles has resisted that idea, arguing that the security situation is not appropriate to increase staff. Some congressional staff and officials counter that such security restrictions are self-imposed by Ambassador Walles’ averseness.

Additionally, the U.S. Embassy in Tunisia is classified as an “unaccompanied post,” a limitation that prohibits diplomats’ families from residing in the country, making Tunisia a much less attractive post and complicating efforts to fill key staff positions. This restriction is not only harmful, but it seems excessive and difficult to justify by the standards used by the United States or other Western countries in assessing risk. For example, no member state of the European Union has a similar restriction in place for their diplomatic missions in Tunisia. In addition, the U.S. government does not classify Egypt as an unaccompanied post, despite the much higher levels of violence and instability in

¹⁴³ “Subcommittee Hearing: Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” House Committee on Foreign Affairs, March 18, 2015. <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

¹⁴⁴ *Ibid.*

¹⁴⁵ “65 Experts Sign Letter to Secretary Kerry on Tunisia.” March 24, 2014. <http://pomed.org/wp-content/uploads/2014/03/Tunisia-Letter-to-Secretary-Kerry.pdf>

Egypt than in Tunisia. Some U.S. officials have attributed the excessive security restrictions on U.S. government personnel in Tunisia to the violence in neighboring Libya. But of course, Egypt also shares a border with Libya, and to point to another example in the region, Jordan shares borders with Iraq and Syria, as well as Israel and the Palestinian territories, all sites of sustained, large-scale violent conflicts. Should the U.S. Embassy be reclassified and gain an expanded staff presence, the U.S. government could also re-establish and expand technical staff embedded with key ministries in Tunisia, from the Departments of Justice, the Treasury, Commerce, and Education, for example. Unlike most other countries in the region, the Tunisian government appears eager and receptive to such technical assistance.

The Middle East Partnership Initiative (MEPI) office, which has been in Tunis since 2003, has already begun to move to the U.S. Embassy in Rabat, Morocco, and the office in Tunis is scheduled to formally close by October 2015. The reason for the closure is largely administrative, as embassy staffing caps prioritize U.S. officials working out of Tunis who focus on programming in that country. MEPI's Tunis office managed approximately \$1 million in local grants for Tunisia per year, as well as other regional programs across North Africa. Overall, MEPI has funded more than \$50 million in GJD programming in Tunisia since 2011. With only one USAID staff member in the country, MEPI will likely retain its lead role on democracy programming in Tunisia from its office in Rabat, while USAID prioritizes its work on economic growth programs. Officials report that USAID programming is largely managed from Washington, with backstopping support from its Frankfurt office (see the USAID Middle East Regional section for more detail on that office) in order to compensate for the lack of staff in Tunis.

To help address Tunisia's security challenges, the administration also intends to double security assistance in the Department of Defense budget to Tunisia for FY2015 and FY 2016, in addition to the bilateral FMF account.¹⁴⁶ Tunisia is slated to receive additional military aid as part of the Department of Defense's Counterterrorism Partnership Fund request for FY 2015 and FY 2016, which will likely exceed \$20 million.¹⁴⁷ The U.S. has also announced plans for expedited delivery in the second half of 2015 of eight Black Hawk helicopters to Tunisia to aid in countering terrorism.¹⁴⁸

During an April 2015 visit to Tunisia following the Bardo attacks, Deputy Secretary of State Anthony Blinken announced the U.S. would triple military assistance to Tunisia and initiate a new border security training program.¹⁴⁹ The U.S. has also funded the creation of a "Fusion Center" in Tunisia to improve security forces' coordination in targeting extremism,¹⁵⁰ though officials and congressional staff report that the center is not yet operational. Congressional staff members suggest that providing increased support for security assistance to Tunisia is a popular concept; across the U.S. government, officials praise the Tunisian government as a receptive and willing security partner, even open to accepting conditions for receiving new security assistance and equipment.

In March 2015, Assistant Secretary of State for Economic and Business Affairs Charles Rivkin led the U.S. delegation to the Investment and Entrepreneurship Conference in Tunisia. At the conference, Secretary of Commerce Penny Pritzker highlighted four areas of economic reforms critical to encourage investment and promote job creation: simplifying the investment code; restructuring the banking sector and passing a bankruptcy law; implementing a transparent, reliable, and modern tax and customs structure; and passing

¹⁴⁶ "U.S. Security Assistance to Tunisia." Security Assistance Monitor, April 2015. <http://securityassistance.org/sites/default/files/Tunisia-Country-Profile-Final.pdf>

¹⁴⁷ *Ibid.*

¹⁴⁸ "Tunisia to get 8 Black Hawks for fight against militants." Al Arabiya, February 27, 2015. <http://english.alarabiya.net/en/News/af-rica/2015/02/27/Tunisia-to-get-8-Black-Hawks-for-fight-against-militants-.html>

¹⁴⁹ "U.S. to triple military aid to Tunisia." Reuters, April 10, 2015. <http://www.reuters.com/article/2015/04/10/us-tunisia-us-idUSKBN0N122E20150410>

¹⁵⁰ "Remarks by Amb Walles at the Ceremony for the Donation of Equipment to the Ministry of the Interior." U.S. Embassy in Tunis, August 14, 2014. <http://tunisia.usembassy.gov/am-speeches/remarks-by-ambassador-walles-at-ceremony-for-the-donation-of-equipment-to-the-ministry-of-interior-august-14-2014.html>

a strong public-private partnerships law.¹⁵¹ Pritzker also announced a \$37.5 million lending facility for small- and medium-sized enterprises financed by the Overseas Private Investment Corporation (OPIC).¹⁵²

One other potential source of funds for Tunisia that has been widely discussed since 2011 is the Millennium Challenge Corporation (MCC). After Tunisia’s revolution, it was declared eligible for the MCC Threshold Program in September 2011 and completed the required constraints analysis in early 2013. Debates over whether Tunisia should receive MCC funding have persisted. Former Congressman Frank Wolf (R-VA) fought to include a preemptive prohibition against MCC funding for Tunisia in FY13 and FY14 due to concerns regarding an alleged perpetrator of the Benghazi attack in 2012.¹⁵³ Since that time, Congress has shifted to opposing Tunisia receiving such funding on the grounds that doing so would amount to “bending the rules,” as Tunisia’s GDP exceeded the MCC’s eligibility requirements.¹⁵⁴

In FY15, a Lower Middle Income Country (LMIC) candidate for MCC funding was defined as having a Gross National Income (GNI) per capita above that of the poorest 75 countries in the world, but below \$4,125. The World Bank’s LMIC eligibility range in FY15 included countries that have a GNI between \$1,986 and \$4,125. The World Bank ranked Tunisia 130 out of 213 countries, with an estimated GNI of \$4,200 in FY15. The 131st country on the list, Paraguay, has a GNI of \$4,010.¹⁵⁵

In FY15, Tunisia’s GNI is \$75 above the threshold for LMICs—making it the very first country “over the line” on its eligibility requirements.

If the board of the MCC were to update its eligibility criteria to adjust the upper limit of the LMIC threshold to \$4,200 or more, Tunisia would be the first country to benefit.

Rank	Country	GNI Per Capita (\$)
127	Tonga	4,490
128	Fiji	4,370
129	Marshall Islands	4,310
130	Tunisia	4,200
131	Paraguay	4,010
132	Timor-Leste	3,940
133	Samoa	3,970

4,125

In the FY16 budget request, the administration proposes a \$1.25 billion funding level for MCC, 25 percent above the FY15 request, “to increase the number or sizes of investments funded in the fiscal year, as well as support... objective analysis. MCC was established to both *incentivize reform and promote poverty-reducing economic growth* through large-scale projects that address binding constraints in partner countries.”¹⁵⁶ There seems to be no better partner in the region that fits that aspirational description.

Deputy Secretary of State Anthony Blinken said in April 2015:

“I do think [Tunisia] is a ray of hope, and it’s something that we have a real stake in helping shine even brighter. Because it won’t just affect the future of Tunisians, which in and of itself is vitally important. But if Tunisia succeeds, it sends a very powerful message well beyond Tunisia’s borders that there is real hope and that people with different views and different approaches actually can come together in

¹⁵¹ “Remarks at the Investment and Entrepreneurship Conference in Tunisia.” U.S. Dept. of Commerce, March 5, 2015. <http://www.commerce.gov/news/secretary-speeches/2015/03/remarks-investment-and-entrepreneurship-conference-tunisia>

¹⁵² “Tunisia’s Moment: Fulfilling the Revolution’s Promise with Economic Reform.” National Security Council, March 5, 2015. <https://www.whitehouse.gov/blog/2015/03/05/tunisia-s-moment-fulfilling-revolution-s-promise-economic-reform>

¹⁵³ “The Federal Budget and Appropriations for Fiscal Year 2014: Democracy, Governance, and Human Rights in the Middle East and North Africa.” POMED, September 2013. <http://pomed.org/pomed-publications/the-federal-budget-and-appropriations-for-fiscal-year-2014-democracy-governance-and-human-rights-in-the-middle-east-and-north-africa/>

¹⁵⁴ “The Federal Budget and Appropriations for Fiscal Year 2015: Democracy, Governance, and Human Rights in the Middle East and North Africa.” POMED, June 2014. <http://pomed.org/pomed-publications/fy15-budget-report/>

¹⁵⁵ “Gross national income per capita 2013, Atlas method and PPP” World Bank. <http://databank.worldbank.org/data/download/GNIPC.pdf>

¹⁵⁶ “Congressional Budget Justification: Foreign Operations.” U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/236395.pdf>

a common endeavor, and the extremes are marginalized and isolated.¹⁵⁷

President Beji Caid Essebsi is scheduled for an official visit to the White House in May 2015; the visit is widely interpreted as an opportunity to demonstrate U.S. commitment and support to Tunisia's transition. The concrete list of deliverables to be announced was not available at the time of publication of this report, though a number of proposals were being debated by U.S. officials in the run-up to the visit. These include: signing a multi-year Memorandum of Understanding (MOU) to provide larger scale U.S. assistance at a sustained level (similar to MOU's that have been signed with other regional allies, such as Israel, Egypt, and Jordan); financing an additional loan guarantee for Tunisia;¹⁵⁸ hosting a business and investment conference for Tunisia to mobilize private sector investment; and providing increased security assistance. Ten members of the Senate Foreign Relations Committee sent a letter to President Obama on the eve of President Essebsi's visit, endorsing many of these recommendations and calling for U.S. support through high-level engagement, economic partnership, and sector security reform. The senators wrote, "President Essebsi and his fellow Tunisians have demonstrated their clear determination to persevere on the path to democracy. The United States and the international community should ensure they have the support and means to do so."¹⁵⁹

Announcing these commitments would send a powerful signal to the people of Tunisia, to the region, and to the world that the U.S. will support Tunisia as it takes further steps toward an inclusive, sustainable democracy. These assurances, alongside providing MCC funding and declaring long-term aspirations to sign a Free Trade Agreement (FTA), would allow the Tunisian government to plan beyond the current fiscal year as it works to implement difficult

economic reforms, consolidate the political transition, and address counterterrorism and border security priorities. Although many administration officials seem to understand the importance and value of stronger support for Tunisia's transition, the country ultimately ends up viewed as a lower priority at the highest levels when compared to the many crisis points in the region. And although no one in either the U.S. administration or Congress is arguing *against* a stronger U.S.-Tunisia relationship, policy shifts in this direction lack the needed high-level political will.

Ambassador Walles is expected to depart his post from Tunis in the summer of 2015, to be succeeded by the State Department's special envoy for Syria, Daniel Rubinstein.¹⁶⁰ Rubinstein will assume his post in Tunis at a crucial moment for the country and for U.S.-Tunisia relations. The United States should see Tunisia as an unprecedented opportunity to develop a strong strategic partnership with a democratic ally in the Middle East and North Africa. No other Arab country shares U.S. strategic concerns as well as our democratic values, and a successful Tunisia could become a more dependable, sustainable ally than any other country in the region, which is an opportunity that should be seized more robustly by the U.S. administration.

XI. WEST BANK AND GAZA

The summer 2014 conflict between Israel and Hamas forces killed nearly 2,000 people and made the challenging peace talks of 2013-2014 a distant memory. The subsequent failure of a UN Security Council bid for Palestinian statehood in December 2014 led to the decision by Palestinian Authority (PA) President Mahmoud Abbas to sign onto more than a dozen treaties and international organizations. This included the Rome Statute that granted accession to the International Criminal Court (ICC) and opened Israel up to investigations

¹⁵⁷ "Remarks on Tunisia by Deputy Secretary Anthony Blinken at the Council of Foreign Relations." U.S. Embassy Tunis, April 15, 2015. <http://tunisia.usembassy.gov/featured-visits/remarks-on-tunisia-by-deputy-secretary-antony-blinken-at-the-council-on-foreign-relations-april-15-2015.html>

¹⁵⁸ The U.S. has provided financing for \$1 billion in loan guarantees to Tunisia since 2011, including a \$500 loan guarantee issued in July 2014. <http://www.state.gov/r/pa/prs/ps/2014/07/229728.htm>

¹⁵⁹ "Letter to President Obama on Tunisia ahead of President Essebsi's Visit." Senate Foreign Relations Committee, May 15, 2015. <http://www.foreign.senate.gov/imo/media/doc/5-15-15%20BLC%20Letter%20to%20POTUS%20on%20Tunisia.pdf>

¹⁶⁰ "State Department's Syria Void." Bloomberg, March 6, 2015. <http://www.bloombergview.com/articles/2015-03-06/state-department-s-syria-void>

into alleged war crimes by the ICC. Meanwhile, the reported fraying of the Hamas-Fatah unity government formed in 2014 and the indefinite postponement of elections mean that political stagnation is likely to continue.

The formation of the unity coalition government in 2014 spurred strong bipartisan calls in Congress to suspend assistance due to the participation of Hamas, a designated terrorist group, in the coalition.¹⁶¹ A congressional hold was placed on a portion of FY14 funds, with many members of Congress insisting that aid was legally required to be suspended under provisions of the FY14 omnibus appropriations act. The law prohibited “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.” Most of the holds were eventually lifted¹⁶² in fall 2014 as the sentiment prevailed that “Abbas is better than the alternative” and the administration seemed comfortable moving forward with assistance so long as Hamas did not assume a larger role in the government.¹⁶³

The administration then notified Congress that \$100 million of the designated ESF was going to be applied to pay off creditors of the PA, insisting that paying creditors did not require the use of presidential waiver granted in Section 7040 of the FY14 omnibus appropriations bill. Instead, it was argued that since the PA would never exercise control over the funds at any point that such steps were unnecessary.¹⁶⁴

The FY15 omnibus appropriations act kept the previous year’s restrictions in place related to Hamas’ participation in government, as well as the provision that would suspend ESF if “the Palestinians initiate an International Criminal Court judicially-authorized investigation, or actively support such an investigation, that subjects Israeli nationals to an investigation for alleged crimes against Palestinians.”¹⁶⁵

When Abbas signed the Rome Statute in December 2014, the administration expressed that it was “deeply troubled” by the move and said there would be a review of the assistance package.¹⁶⁶ In early January, the State Department said, “There’s no question that we will be complying with all laws as it relates to our assistance, of course.”¹⁶⁷

Congressional reaction was again strongly in favor of suspending aid. Seventy-five senators wrote in a letter to Secretary Kerry that they “will not support assistance to the Palestinian Authority while [the State Department undertakes] a review of this matter.”¹⁶⁸ Thirteen leading members of the House Foreign Affairs Committee echoed this sentiment: “The United States should not support direct economic assistance to the PA until it demonstrates a meaningful reversal of this destructive course and proves it can be a willing partner for peace.”¹⁶⁹

In a hearing before the Senate Foreign Relations Committee in February 2015, Secretary of State Kerry said, “[W]e wish the Palestinians had behaved differently. And that’s why they’re not getting aid right now.”¹⁷⁰

¹⁶¹ Pecquet, Julian. “Hamas deal last straw for Congress on US aid to Palestinians.” Al-Monitor, April 23, 2014. <http://www.al-monitor.com/pulse/originals/2014/04/suspend-aid-reconciliation-hamas-fatah-congress.html>

¹⁶² Rep. Elliot Engel (D-NY) and Sen. Robert Menendez (D-NJ) reportedly maintained holds on two projects worth \$17.2 million due to the apparent political benefits that might be garnered by President Abbas. It is unclear whether those holds have since been lifted.

¹⁶³ Pecquet, Julian. “Congress (mostly) signs off on Palestinian aid.” Al-Monitor, November 26, 2014. <http://www.al-monitor.com/pulse/originals/2014/11/congress-hold-up-palestinian-aid-engel-menendez-abbas.html>

¹⁶⁴ Zanutti, Jim. “Palestinian Authority: Payments to Creditors as Alternative to Direct Budgetary Assistance?” Congressional Research Service Insights, October 20, 2014. <http://www.fas.org/sgp/crs/mideast/IN10161.pdf>

¹⁶⁵ “Consolidated and Further Continuing Appropriations Act, 2015.” <http://www.gpo.gov/fdsys/pkg/CPRT-113HPRT91668/pdf/CPRT-113HPRT91668.pdf>

¹⁶⁶ “Daily Press Briefing.” The U.S. Department of State, January 5, 2015. <http://www.state.gov/r/pa/prs/dpb/2015/01/235595.htm>

¹⁶⁷ “Daily Press Briefing.” The U.S. Department of State, January 7, 2015. <http://www.state.gov/r/pa/prs/dpb/2015/01/235660.htm>

¹⁶⁸ “Senate Letter to Secretary Kerry Expressing Concerns over the PA’s Decision to Join the ICC.” AIPAC, January 29, 2015. http://www.rubio.senate.gov/public/index.cfm/files/serve/?File_id=72123469-50ce-4d35-972e-4d8ff013d000

¹⁶⁹ “House Foreign Affairs Committee Leaders Write Secretary Kerry on Palestinian Authority.” House Foreign Affairs Committee, January 27, 2015. <http://foreignaffairs.house.gov/press-release/house-foreign-affairs-committee-leaders-write-secretary-kerry-palestinian-authority>

¹⁷⁰ “Review of Resources, Priorities and Programs in the FY 2016 State Department Budget Request.”

Senate Foreign Relations Committee, February 24, 2015. <http://www.foreign.senate.gov/hearings/review-of-resources-priorities-and-programs-in-the-fy-2016-state-department-budget-request>

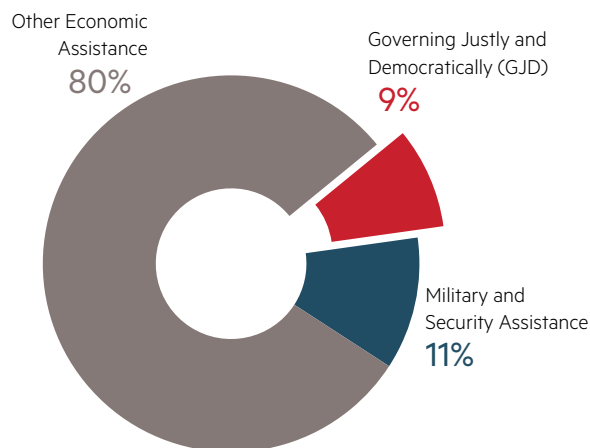
Despite this rhetoric, a strong desire remains inside the administration to continue the assistance. In that same hearing, Kerry said that of the approximately \$450 million in aid, “\$425 million goes to Israeli institutions, including utilities and creditors of the P.A. [...] It’s not going to the Palestinians, but it helps Palestinians to survive.” Kerry called this a “critical” detail, and added, “If the Palestinian Authority were to fail [...] what takes their place? Hamas? Jihad? I don’t know. I just know that as troublesome as they have been in certain respects at many times, that President Abbas remains committed to a nonviolent, peaceful approach [and] to a two-state solution...” Assistant Secretary of State for Near Eastern Affairs Anne Patterson added in a later hearing that continuing aid was “important for Israeli security” to avoid sparking “a considerable degree of disruption and civil unrest in the West Bank.”¹⁷¹

In light of the ICC issue, the FY16 budget justification states that the administration is “reviewing the nature and structure of its assistance to the West Bank and Gaza to consider how best to achieve policy priorities in light of recent political developments [...] assistance priorities and planned activities for West Bank and Gaza may be subject to change.”¹⁷²

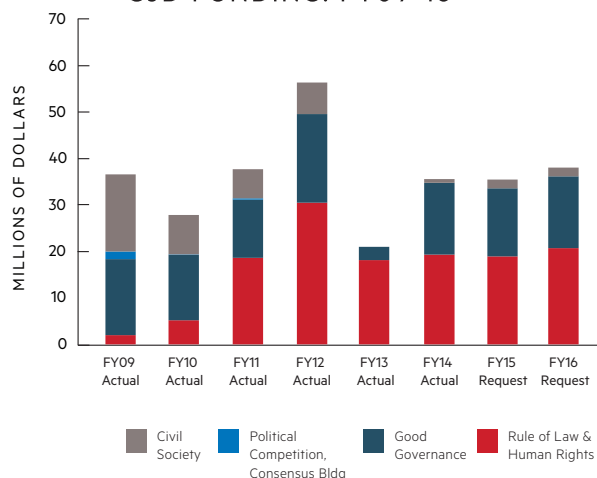
The aforementioned review has not prompted any significant changes thus far to the composition of the proposed aid package. This year’s request for the West Bank and Gaza seeks \$442 million in economic and security funding, a decrease of less than two percent from FY14 spending. \$370 million, or 84 percent of the overall aid package, would be devoted to ESF: \$287 million for health, education, and social services; \$55.7 million for economic sector growth and infrastructure programs; and \$10.6 million for humanitarian aid. The remaining \$72 million comes from the INCLE and NADR accounts to support a variety of security sector reform and professionalization programming.

Of the ESF, \$16.7 million (4.5 percent) is requested to support the Governing Justly and

WEST BANK AND GAZA: TOTAL FY16 REQUEST



WEST BANK AND GAZA: GJD FUNDING: FY09-16



Democratically (GJD) objective, focusing on rule of law, civil society, and good governance efforts. According to the budget justification, \$16 million (presumably from the GJD objective) will seek to improve governance and rule of law by strengthening the capacity of judicial institutions and “improving practical legal education within targeted law schools.” Other portions of the bilateral aid will support citizen advocacy efforts for transparency and accountability, policy process participation, and the inclusion of marginalized groups in the political process.¹⁷³

¹⁷¹ “Subcommittee Hearing: Does the President’s FY 2016 Budget Request Address the Crises in the Middle East and North Africa?” House Subcommittee on the Middle East and North Africa hearing, House Foreign Affairs Committee, March 18, 2015. <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-does-presidents-fy-2016-budget-request-address-crises-middle-east-and>

¹⁷² “Congressional Budget Justification: Foreign Operations, Appendix 3.” U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

¹⁷³ *Ibid.*

There is also an additional \$21.7 million being sought for the GJD objective within the International Narcotics Control and Law Enforcement (INCLE) account.¹⁷⁴ These programs aim to complement ESF-funded work to improve the effectiveness of the criminal justice system with training, equipment, technical assistance, and limited infrastructure support for Palestinian judicial, prosecutorial, and law enforcement institutions. Combined, the ESF and INCLE funding devoted to democracy and governance programming totals \$38.4 million, a seven percent increase over the FY15 request.

According to administration officials, despite congressional concerns and restrictions, government aid agencies were able to continue administering many programs that supported institution-building and capacity building within the Palestinian territories because this aid does not constitute direct assistance to the PA. The remainder of the FY14 funding was only recently disbursed. There had been uncertainty regarding which portions of the aid were subject to congressional holds, and similar questions are sure to arise with FY15 funds given the ICC controversy.

As in several other countries in the region, there is a perception that the U.S. support for “democracy and governance” in the Palestinian territories is really limited to the governance side—building the capacity of Palestinian Authority institutions to govern effectively, with little or no interest in encouraging pluralism or helping political parties become more transparent, accountable, and democratic. As has been discussed in numerous previous editions of this report, the 2007 split in which Fatah took control within the West Bank and Hamas took Gaza resulted in a sharp reduction in political space and opportunities for dissent and pluralism in each territory. Today that remains unchanged, and there appears to be very little U.S. interest or concern in addressing such issues.

The remaining INCLE funds, \$48.3 million, make up the majority of the military and security assistance request. These efforts will focus on professionalization and capacity building for the Ministry of Interior to provide oversight and support to PA Security Forces institutions through training, technical assistance, equipment, and infrastructure support. An additional \$2 million in NADR funding will support demining efforts and rehabilitation and reintegration support to those directly affected by landmines and explosive remnants of war.¹⁷⁵

With both peace talks and the Palestinian political process on hold for the foreseeable future, little is likely to change on the ground. Regarding the assistance package, the administration has made clear its belief that maintaining aid serves both Israeli and Palestinian interests. But, the Obama administration does not have the option to waive the ESF suspension related to Palestine’s ICC membership, and thus it is unclear what changes might come from the ongoing review of the assistance package. Much like it did with congressional restrictions related to Hamas’ participation in government last year, it appears the administration may continue delivering aid to the West Bank and Gaza by paying off creditors and carrying out programming that is not considered to constitute direct aid to the PA.

XII. YEMEN

Despite the promise of consensus-building achieved during Yemen’s two-year National Dialogue Conference, the government of Abd Rabbuh Mansour Hadi had relatively little success during that period in addressing the country’s myriad political, economic, and humanitarian challenges. The country’s Houthi rebel faction—in alliance with forces loyal to former president Ali Abdullah al-Saleh—took advantage of the government’s weakness to make rapid territorial gains last summer, forcing power sharing agreements that quickly failed and led to the full collapse of the Hadi government.

¹⁷⁴ An aid suspension related to the ICC controversy would not impact this funding, as that condition only applies to ESF.

¹⁷⁵ “Congressional Budget Justification: Foreign Operations, Appendix 3.” U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

Hadi has since fled to Saudi Arabia, which has led an air campaign to stem Houthi advances across the country. Hopes for a negotiated solution in the near future seem to be waning as fighting continues and each side digs in its heels. A five-day humanitarian ceasefire in May 2015 was reached, though both sides reportedly violated the terms.¹⁷⁶ Meanwhile, al-Qaeda in the Arabian Peninsula (AQAP) appears resurgent in several provinces, while millions of Yemenis face humanitarian disaster.

The U.S. government's ability to influence events in Yemen has become increasingly limited, particularly with the evacuation of the U.S. Embassy, USAID Mission, and military personnel in recent months. As a result, most U.S. assistance programs are currently on hold, with the priority for the moment being the delivery of humanitarian assistance to address dire and escalating crises across the country. In addition, the administration has clearly taken a back seat in the conflict by tacitly supporting the Saudi intervention.

Prior to the recent escalation of violence, the United States' efforts to support Yemen since its 2011 revolution had been significant, with more than \$800 million marshalled in humanitarian, political, and security aid.¹⁷⁷ This year's budget request seeks \$114 million in assistance. Of that, \$70 million (61 percent) has been requested for ESF, \$25 million (22 percent) for FMF, \$1.4 million for IMET, \$2 million for INCLE, and \$6.5 million for NADR. An additional \$9.5 million for Global Health programs was also requested. Assistant Secretary of State for Near Eastern Affairs Anne Patterson said, in spite of the chaotic environment in Yemen, this year's request will allow the United States to be "prepared to quickly re-engage and help rebuild Yemeni institutions" once a "functioning and legitimate government" can be restored.¹⁷⁸

\$39.5 million (35 percent) of the ESF request is allocated for democracy and governance funding, matching the FY15 request that at the time represented a more than two-fold increase over FY14 levels. Good governance and civil society programs make up \$22 million (56 percent) and \$10.5 million (27 percent), respectively. An additional \$5 million (13 percent) will be devoted to encouraging political competition, and the final \$2 million (5 percent) will go toward rule of law and human rights efforts. Yemen's democracy and governance package, as requested, would be the third largest in the region.

The \$22 million requested for good governance is scheduled to support "the development of constitutional institutions and reform processes at the national and local levels," including "technical and material assistance to the Parliament, the Supreme Commission on Elections and Referendum, and key line ministries responsible for devolving power to local service delivery units."¹⁷⁹ Such programs are currently on hold, and portions may continue to be held or redirected to other programs, pending a resolution to the current crisis. This was the case for \$15.5 million in FY14 governing justly and democratically funds, which were intended to help Yemen's institutions adapt to a new constitutional framework upon the completion of a new constitution; a draft was completed in January 2015 but was rejected by the Houthis and the former ruling party, the General People's Congress. Several implementing organizations also reported that democracy and governance programming has been suspended for now, though they intend to resume work once the security situation improves.

The United States has also made notable contributions to help address Yemen's deteriorating humanitarian crisis. The State Department announced a new pledge of \$68

¹⁷⁶ "Yemen's humanitarian truce barely holds as violence resumes." Associated Press, May 13, 2015 <http://news.yahoo.com/iran-warns-saudi-us-against-targeting-yemen-aid-053246858.html>

¹⁷⁷ "U.S. Support for Yemen." U.S. Department of State, August 4, 2014. <http://www.state.gov/p/nea/rls/2014/222781.htm>

¹⁷⁸ "Statement for the Record - Amb. Anne W. Patterson Assistant Secretary of State for Near Eastern Affairs." House Foreign Affairs Committee Subcommittee on the Middle East and North Africa, March 18, 2015 <http://docs.house.gov/meetings/FA/FA13/20150318/103179/HHRG-114-FA13-Wstate-PattersonA-20150318.pdf>

¹⁷⁹ "Congressional Budget Justification: Foreign Operations, Appendix 3." U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

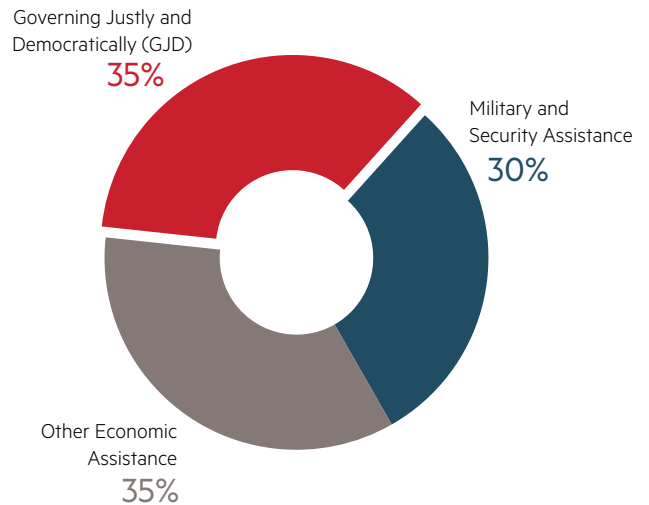
million in May 2015, bringing total humanitarian assistance commitments to approximately \$439 million since FY12.¹⁸⁰ Significantly, as relief organizations have encountered serious obstacles in delivering humanitarian aid, local NGOs have begun redirecting U.S. funds toward humanitarian efforts to aid Yemen’s vulnerable population.

Military and security funding comprises \$34.9 million (31 percent) of the FY16 request, the largest portion of which is the \$25 million (72 percent) FMF request. This matches last year’s request and seeks to build the ability of special operations forces to conduct targeted counterterror operations; bolster conventional forces’ effectiveness to clear and hold areas under the control or influence of terrorist entities; and assist the Coast Guard’s ability to conduct and maintain security efforts.¹⁸¹

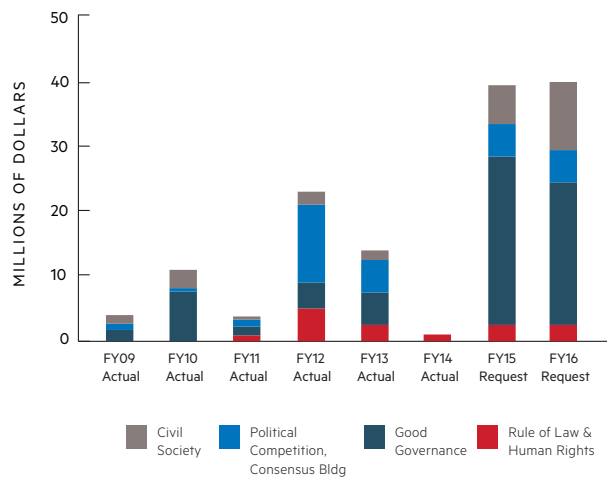
Unfortunately, the United States’ controversial drone program in Yemen has often overshadowed other contributions the United States has made since Yemen’s revolution. The rapid deterioration of the security situation in Yemen, which Secretary of State John Kerry admitted “surprised” the United States,¹⁸² has called into question the efficacy of U.S. security assistance strategies. Still, the administration has stood by its assertion that Yemen represents a successful counterterrorism model,¹⁸³ even as AQAP makes rapid gains in the country. That model, as Kerry has said, relied on “cooperation with the [Yemeni] government” in order to carry out U.S. counterterrorism objectives.¹⁸⁴

This approach has frequently led to an overemphasis on counterterrorism priorities at the expense of crucial political problems. Last year’s report noted that “the administration [...] may be underestimating the severity of some remaining political challenges. In particular, while the National Dialogue Conference did

YEMEN: TOTAL FY16 REQUEST



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achieve remarkable progress [...] there are very serious questions as to how meaningful and credible this process has been beyond the political elites in urban centers.” U.S. support of the National Dialogue was commendable, but insufficient buy-in from the South, the Houthis, and others outside Sana’a undermined much of the Dialogue’s potential importance.

¹⁸⁰ “United States Announces \$68 Million in Humanitarian Assistance to Yemen.” U.S. Department of State, May 6, 2015. <http://www.state.gov/r/pa/prs/ps/2015/05/241937.htm>; “State Dept. Facts on U.S. Support for Yemen.” February 28, 2014. <http://translations.state.gov/st/english/texttrans/2014/03/20140302295210.html#axzz3ZO3fZl00>

¹⁸¹ “Congressional Budget Justification: Foreign Operations, Appendix 3.” U.S. Department of State, FY 2016. <http://www.state.gov/documents/organization/238222.pdf>

¹⁸² State, Foreign Operations Subcommittee: FY16 U.S. Department of State Budget Hearing, February 24, 2015. <http://www.appropriations.senate.gov/hearings-and-testimony/state-foreign-operations-subcommittee-fy16-us-department-state-budget-hearing>

¹⁸³ “White House Continues to Back Yemen as Model For Successful Counterterrorism.” ABC News, March 25, 2015 <http://abcnews.go.com/Politics/white-house-continues-back-yemen-model-successful-counterterrorism/story?id=29901029>

¹⁸⁴ State, Foreign Operations Subcommittee: FY16 U.S. Department of State Budget Hearing, February 24, 2015. <http://www.appropriations.senate.gov/hearings-and-testimony/state-foreign-operations-subcommittee-fy16-us-department-state-budget-hearing>

The larger question remains of how the United States will engage in Yemen moving forward and how it will incorporate lessons learned from the previous few years. The administration has made clear that it supports the restoration of the Hadi government, but the swift collapse of that government laid bare what Assistant Secretary Patterson termed a “serious lack of governance.”¹⁸⁵ Political and security objectives must be balanced to reflect new insights. If assistance is indeed held or redirected given the current situation, it is imperative that it not be directed away from Yemen. If and when fighting comes to an end and political process is able to resume, it will be essential that the United States and the international community once again step up with much-needed humanitarian, security, and development assistance.

¹⁸⁵ “Statement for the Record - Amb. Anne W. Patterson Assistant Secretary of State for Near Eastern Affairs.” House Foreign Affairs Committee Subcommittee on the Middle East and North Africa, March 18, 2015 <http://docs.house.gov/meetings/FA/FA13/20150318/103179/HHRG-114-FA13-Wstate-PattersonA-20150318.pdf>

CONCLUSIONS

With the Islamic State emerging in Iraq and Syria, along with violence and instability overtaking other states such as Yemen and Libya, the administration has increasingly relied on authoritarian allies in pursuit of stability. To many, this approach of effectively “outsourcing” U.S. policy to regional partners to confront threats has made the U.S. government increasingly dependent on those partners.

One predictable result has been a decrease in the administration’s already extremely limited willingness to take actions opposed by its authoritarian allies across the region. Two years ago, the FY2014 edition of this report noted that despite initial hopes that the changes in the region would spur the administration to put more pressure on its authoritarian allies to reform, the opposite was taking place: “Surprisingly, the administration appears to be even more unwilling to take actions that may antagonize allied governments in the region than was the case before the 2011 uprisings.” Today, this dynamic has become only more pronounced.

This has been evident in steady U.S. policy shifts in Egypt and in Bahrain, as well as in the structure and use of assistance across the region. In terms of U.S. programming to support democracy, governance, and human rights, this extreme unwillingness to disturb authoritarian allies in the region has contributed to several shifts, including more cautious support for independent civil society, more focus on governance at the local level rather than the national level, and shifts toward programming that is either less controversial or lower profile.

Eventually, this deference to authoritarian allies must be reversed if U.S. support for democracy in the region is to be broadly successful. In the meantime, however, there is one country in the region that is especially important to the prospects for genuine democracy in the region and whose government is much more receptive to receiving outside support: Tunisia. As such, Tunisia presents a unique opportunity for this administration. While the U.S. government

has slowly increased its attention and support for Tunisia, there is still much more that can and should be done. Furthermore, continued consolidation of democracy in Tunisia with U.S. support could pave the way for effective support for democracy elsewhere in the region in the future.

In addition, there are a number of specific, narrower conclusions that can be drawn regarding U.S. assistance and policy toward the MENA region:

Although U.S. policy and foreign assistance in the Middle East and North Africa have long been dominated by military and security issues, that trend has become even more the case within the past year. The emergence of the Islamic State as a new regional security threat has refocused top-level U.S. government attention on military approaches to security issues. To a lesser degree, the collapse of governments and the emergence of full-scale violent conflicts in Yemen and Libya have had a similar effect. A higher proportion of U.S. assistance to the MENA region today is budgeted for military and security assistance than was the case in 2010, despite public discussion in 2011 of “rebalancing” aid to the region in the opposite direction. The increased attention and resources on military and security issues, especially confronting the Islamic State, have clearly diverted high-level policy attention away from support for democracy and human rights in the region.

Governments across the region have escalated efforts to crack down on and constrain independent civil society, and these efforts have had a significant effect on the work of local and international organizations, and also on the approach of U.S. policymakers. Across the region, Arab governments are using a variety of tools to harass, impede, restrict, threaten, and shut down independent civil society organizations. Since the Government of Egypt began to investigate and raid the offices of local and international organizations in 2011, the environment in that country has

reached unprecedented levels of repression, and other governments across the region have followed suit, including prominent crackdowns in the United Arab Emirates, in Bahrain, and in Morocco. These efforts have had a profound effect on many organizations, with some being forced to close down, cease operations, or work from outside the country. In addition, U.S. government support for independent civil society has become much more cautious than in the past, driven both by a desire to avoid antagonizing allied host governments and also by a fear of endangering local participants in programming.

U.S. democracy and governance programming across the MENA region is shifting its focus more toward issues of governance at the local level rather than the national level. Over the past year or more, there has been a steady move in the direction of more U.S. support for democracy and governance programming focused on the local rather than national level. This includes programming that seeks to build the capacity of local and municipal councils to improve their service delivery and responsiveness to citizens, in addition to programs with civil society to encourage direct engagement with local government institutions and advocacy at the local level. The reasons for this shift vary in different countries, but those include: (1) the collapse of national governments in countries like Libya, Yemen, and Syria, where local councils may present the only functioning government institutions with any opportunities for citizen engagement; (2) political stagnation at the national level, including indefinite or lengthy postponements of national elections in the West Bank and Gaza and Lebanon, respectively; (3) a sense that support for democracy and governance at the local level may be viewed with less hostility by repressive national governments than similar efforts on the national level; (4) in Tunisia, progress in national politics, including a successful constitution-writing process and successive national elections, allow for attention to turn to upcoming local elections. This increased attention at the local level can be important in laying the groundwork for democratic change from the ground up. In the longer term, however, if such efforts are

to ultimately succeed in fostering democracy, it will be essential that they be accompanied by moves to pressure national governments to empower local institutions.

The FY16 budget demonstrates a welcome effort to regularize U.S. assistance mechanisms following four years of responding to dramatic political changes through ad hoc and reactive funding instruments. Following the uprisings of 2011, the administration scrambled to align assistance with rapidly changing regional realities. A few years later, the administration was still relying heavily on vaguely defined regional accounts like the Middle East Response Fund that were viewed with some suspicion by Congress, as well as reprogrammed funds from other accounts to provide assistance to countries such as Libya, Tunisia, and Syria that lack USAID missions and sizable longstanding assistance relationships. In the FY16 budget, the administration has made clear efforts to consolidate funding into more permanent accounts and structures. This would result in some increased bilateral budget allocations as well as increases in funding for permanent, flexible multi-country accounts such as USAID's Middle East Regional (MER) program. These changes should facilitate better planning and coordination of assistance efforts and also relieve policymakers from scrambling each year to cobble together unspent funds from other accounts, while reducing frustrating uncertainty for recipients of assistance in such countries.

This year's budget request doubles bilateral assistance allocated for Tunisia, a deserved and overdue step. Last year's edition of this report criticized the \$66 million in bilateral support to Tunisia as "shockingly low," especially given the country's positive trajectory and frequent official statements referring to Tunisia's transition as a "top priority" for the U.S. policy. This year, the administration doubles its bilateral request for Tunisia to \$134.4 million, which includes proposed increases in support for democracy and governance programming, economic growth initiatives, as well as security assistance. While this is an important step, further increases to Tunisia's aid package

remain warranted, such as the signing of a multi-year MOU to govern assistance, as the U.S. government has done with key allies in the region including Israel, Egypt, and Jordan. With the visit of Tunisian President Essebsi to the White House on May 21, President Obama has a critical opportunity to deepen and expand the U.S.-Tunisia relationship and announce additional support to demonstrate strong U.S. investment in the emergence of a prosperous, secure, and democratic Tunisia.

Although the administration and Congress have strongly resisted significant changes to the U.S.-Egypt aid relationship despite dramatic changes in the country since 2011, some important preliminary steps have finally been taken that could open the door to important changes in the future. In April 2015, along with the end of a suspension of some military assistance to Egypt, the White House announced two reforms to the aid relationship, both to be implemented in FY18: (1) revoking Egypt's cash flow financing privileges; and (2) creating four new categories for U.S. military aid to Egypt: counterterrorism, border security, maritime security, and Sinai security. Taken together, these two reforms could finally shift the Egyptian FMF program away from outdated big-ticket prestige items (such as M1A1 tanks and F-16s) and move toward equipment that meets its modern, asymmetric security threats. In addition, the removal of cash flow financing should allow the U.S. government to more quickly and easily adapt military aid to Egypt in the future. If policymakers apply these reforms rigorously—and push for the Egyptian military to adapt to face mutually identified threats—this announcement could mark the beginning of a long overdue process of overhaul and

modernization of both the U.S.-Egypt assistance relationship and the Egyptian army. Regarding the 18-month “suspension” of military aid to Egypt, its plain ineffectiveness in influencing the actions of Egypt's military is unsurprising for several reasons: first, the overwhelming majority of military aid was delivered as scheduled throughout the period of “suspension” through various exemptions; secondly, the seriousness of the suspension was consistently undermined by public statements from officials at the highest level. In addition, the administration refused to clearly communicate political benchmarks that the Egyptian government and military were required to meet in order for all aid to resume.

There is a growing interest within the U.S. administration in domestic political issues in Algeria, driven largely by serious questions regarding the state of President Bouteflika's health and resulting uncertainty over the future of the country's leadership. Algeria has never been a large recipient of U.S. assistance, and most forms of democracy and governance programming are difficult if not impossible to carry out. Nonetheless, there is a growing sense among officials, analysts, and implementers that some sort of political transition is essentially already underway in the country due to Bouteflika's health. U.S. officials are taking an increasing interest in Algeria, motivated in part by a desire not to repeat the mistakes made by U.S. policymakers in Egypt and elsewhere who were caught entirely unprepared for political changes in 2011. These factors, combined with some very slight openings in the country, may present opportunities for increased engagement on democracy and governance issues in Algeria in the period ahead.

APPENDIX: DATA TABLES

**TABLE 1: TOTAL ASSISTANCE BY STRATEGIC OBJECTIVE, FY10-FY16
(IN MILLIONS OF DOLLARS)**

Near East Total	FY10 Actual	%	FY11 Actual	%	FY12 Actual	%	FY13 Actual	%	FY14 Actual	%	FY15 Request ¹	%	FY16 Request	%
Peace and Security	4890.7	73.4	5125.0	73.1	6032.8	73.9	5347.1	73.8	5346.7	75.9	5364.4	76.3	5559.5	75.9
Governing Justly, Democratically (GJD)	495.1	7.4	422.0	6.0	473.6	5.8	254.9	3.5	250.0	3.5	406.8	5.8	442.4	6.0
Investing in People	602.5	9.0	603.5	8.6	580.0	7.1	700.7	9.7	580.1	8.2	504.7	7.2	553.2	7.5
Economic Growth	614.0	9.2	643.7	9.2	896.9	11.0	803.2	11.1	777.3	11.0	692.5	9.8	762.4	10.4
Humanitarian Assistance	64.1	1.0	84.1	1.2	101.8	1.2	71.8	1.0	89.8	1.3	11.9	0.2	10.6	0.1
Total ²	6666.4	100	7013.3	100	8158.0	99	7243.3	99	7044.0	100	7032.5	99	7327.9	100

TABLE 2: GJD FUNDS BY PROGRAM AREA, FY10-FY16 (IN MILLIONS OF DOLLARS)

Near East	FY10 Actual	%	FY11 Actual	%	FY12 Actual	%	FY13 Actual	%	FY14 Actual	%	FY15 Request	%	FY16 Request	%
Rule of Law and Human Rights	79.7	16.1	77.1	18.3	132.2	28.2	82.3	32.29	74.6	29.8	89.0	21.9	77.6	17.5
Good Governance	157.1	31.7	134.9	32.0	93.26	19.9	31.5	12.36	51.5	20.6	129.2	31.8	163.3	36.9
Political Competition, Consensus Building	70.2	14.2	70.9	16.8	55.99	12.0	42.9	16.83	31.8	12.7	66.5	16.3	39.4	8.9
Civil Society	188.1	38.0	139.1	33.0	186.8	39.9	98.2	38.52	92.2	36.9	122.1	30.0	161.6	36.5
GJD Total	495.1	100.0	422.0	100.0	468.3	100.0	254.9	100	250.0	100.0	406.8	100.0	442.4	99.9

¹ For Fiscal Year 2015, the FY16 Congressional Budget Justification (CBJ) did not include overall estimates or 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 FY15 CBJ Request figures are used as the best indicator of the administration's intended spending levels.

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."

TABLE 3: BILATERAL FOREIGN ASSISTANCE BY COUNTRY AND BY STRATEGIC OBJECTIVE, FY09-FY16 (IN MILLIONS OF DOLLARS)

Algeria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	1.4	2.4	1.6	2.2	2.5	2.6	2.6	2.6
Governing Justly, Democratically (GJD)	0.0	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	0.0
Economic Growth	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Humanitarian Assistance	0.0	6.2	8.2	8.7	6.6	4.5	0.0	0.0
Total Bilateral Assistance	1.8	8.6	9.8	10.9	9.1	7.2	2.6	2.6
Egypt	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	1304.7	1305.7	1304.3	1308.5	1242.2	1304.7	1305.9	1305.3
Governing Justly, Democratically (GJD)	20.0	25.0	46.5	14.3	19.9	21.7	20.9	6.0
Investing in People	119.4	75.9	55.5	52.0	135.4	77.3	56.5	55.0
Economic Growth	110.6	149.1	147.4	181.6	84.8	102.2	123.0	90.0
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Bilateral Assistance	1554.7	1555.7	1553.7	1556.4	1482.2	1505.9	1506.3	1456.3
Iraq	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	148.6	60.3	146.4	990.3	516.5	330.3	278.7	299.3
Governing Justly, Democratically (GJD)	318.7	286.9	177.5	176.0	46.2	37.3	28.6	49.6
Investing in People	17.7	5.1	61.1	46.4	6.2	0.0	0.0	0.0
Economic Growth	113.9	62.5	86.8	57.5	20.5	0.0	1.5	6.5
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Bilateral Assistance	598.9	414.8	471.8	1270.2	589.4	367.6	308.8	355.4
Jordan	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	358.3	380.0	315.9	315.9	296.4	310.3	311.0	362.7
Governing Justly, Democratically (GJD)	24.3	26.0	22.0	28.0	25.0	28.4	28.0	47.0
Investing in People	192.4	174.5	111.3	93.0	98.0	126.6	94.0	113.8
Economic Growth	296.9	262.5	229.0	339.0	441.4	545.0	238.0	476.6
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Total Bilateral Assistance	871.8	843.0	678.2	776.0	861.4	1010.3	671.0	1000.0

TABLE 3 (CONTINUED)
(IN MILLIONS OF DOLLARS)

Lebanon	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	172.6	129.3	101.6	106.4	104.8	98.0	99.0	105.0
Governing Justly, Democratically (GJD)	18.3	25.4	21.1	21.0	9.8	9.0	11.5	16.2
Investing in People	27.6	48.1	48.8	49.0	46.2	44.8	33.4	65.7
Economic Growth	16.6	35.5	14.8	14.7	15.2	14.1	11.3	23.7
Humanitarian Assistance	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Bilateral Assistance	172.6	238.3	186.4	191.1	176.0	166.0	155.2	210.5
Libya	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	0.8	0.8	0.0	5.4	8.5	5.4	5.9	9.5
Governing Justly, Democratically (GJD)	1.0	0.0	0.0	0.0	9.0	0.5	0.4	10.5
Investing in People	1.0	0.0	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	0.0
Humanitarian Assistance	0.0	0.0	5.7	0.0	0.0	0.0	0.0	0.0
Total Bilateral Assistance	3.3	0.8	5.7	5.4	22.5	5.9	6.3	20.0
Morocco	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	7.2	15.7	15.1	21.6	13.1	13.3	10.9	11.6
Governing Justly, Democratically (GJD)	5.0	7.2	9.0	8.6	7.5	5.9	7.2	6.0
Investing in People	6.5	6.5	4.5	4.5	6.2	9.9	6.4	4.4
Economic Growth	6.5	5.8	5.5	6.5	3.3	5.1	6.4	9.6
Humanitarian Assistance	0.0	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	34.2	30.9	31.6
Syria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	0.0	0.0	0.0	3.0	43.5	2.8	56.0	136.0
Governing Justly, Democratically (GJD)	0.0	0.0	0.0	52.5	15.9	5.5	84.0	119.0
Investing in People	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Growth	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0
Humanitarian Assistance	0.0	0.0	0.0	0.0	18.3	0.0	0.0	0.0
Total Bilateral Assistance	0.0	0.0	0.0	55.5	77.7	8.3	155.0	255.0

TABLE 3 (CONTINUED)
(IN MILLIONS OF DOLLARS)

Tunisia	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	13.8	19.9	20.2	54.3	29.7	31.5	35.5	76.4
Governing Justly, Democratically (GJD)	0.3	0.5	2.0	1.6	3.0	1.3	2.9	21.2
Investing in People	0.0	0.5	1.6	11.6	10.0	4.8	1.4	0.0
Economic Growth	0.5	1.0	1.9	21.8	4.5	20.3	26.2	36.8
Humanitarian Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Bilateral Assistance	14.6	21.9	25.7	89.3	47.2	57.8	66.0	134.4
West Bank & Gaza	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	233.5	100.7	133.5	60.4	49.3	49.3	51.9	50.3
Governing Justly, Democratically (GJD)	36.9	31.6	38.0	56.9	21.2	35.9	35.8	38.4
Investing in People	530.7	244.0	292.0	294.0	366.7	276.3	287.1	287.1
Economic Growth	121.9	74.5	38.9	62.6	0.0	55.7	55.7	55.7
Humanitarian Assistance	104.5	45.1	47.6	36.3	0.0	32.5	10.6	10.6
Total Bilateral Assistance	1027.5	495.9	550.1	510.3	437.2	449.7	441.0	442.0
Yemen	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Peace and Security	5.9	19.6	26.6	31.8	29.0	27.0	32.5	34.4
Governing Justly, Democratically (GJD)	4.0	11.0	3.8	23.0	14.0	1.0	39.5	40.0
Investing in People	26.0	22.5	21.7	16.0	15.5	16.5	17.5	18.8
Economic Growth	4.0	14.5	8.3	7.6	5.0	5.5	15.7	21.2
Humanitarian Assistance	2.4	12.7	22.6	56.8	46.4	52.8	1.3	0.0
Total Bilateral Assistance	42.4	80.3	56.3	135.2	114.8	102.8	106.5	114.4

TABLE 4: GOVERNING JUSTLY AND DEMOCRATICALLY (GJD) FUNDING BY COUNTRY, PROGRAM AREA, FY09-FY16 (IN MILLIONS OF DOLLARS)

Algeria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	0.0	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	0.0
Political Competition, Consensus Building	0.0	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	0.0
GJD Total	0.0	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 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	10.2	2.6	10.3	0.8	8.1	11.6	10.3	3.0
Good Governance	2.5	2.0	8.8	5.9	7.2	4.2	3.5	3.0
Political Competition, Consensus Building	0.0	0.0	21.3	1.4	3.0	1.3	2.4	0.0
Civil Society	7.3	20.4	6.1	6.2	1.5	4.7	4.7	0.0
GJD Total	20.0	25.0	46.5	14.3	19.9	21.7	20.9	6.0
Iraq	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	46.6	33.3	12.0	68.8	27.3	24.8	17.1	15.6
Good Governance	143.6	117.4	89.6	44.5	4.5	4.0	4.5	27.0
Political Competition, Consensus Building	41.0	52.6	23.2	14.5	3.3	2.0	4.5	7.0
Civil Society	87.5	83.6	52.7	48.2	11.1	6.5	2.5	0.0
GJD Total	318.7	286.9	177.5	176.0	46.2	37.3	28.6	49.6
Jordan	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	5.8	7.5	8.0	6.0	6.0	2.5	8.0	7.0
Good Governance	8.3	3.0	3.0	4.0	0.0	8.0	6.0	12.0
Political Competition, Consensus Building	4.5	5.0	3.0	10.0	5.5	5.0	5.0	7.0
Civil Society	5.8	10.5	8.0	8.0	13.5	12.9	9.0	21.0
GJD Total	24.3	26.0	22.0	28.0	25.0	28.4	28.0	47.0

TABLE 4 (CONTINUED)
(IN MILLIONS OF DOLLARS)

Lebanon	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	7.6	13.7	10.0	10.0	0.0	0.0	0.2	2.5
Good Governance	4.6	5.1	7.5	5.1	5.0	6.1	6.5	8.9
Political Competition, Consensus Building	2.1	0.6	1.4	1.3	0.0	0.0	0.0	0.0
Civil Society	4.1	6.0	2.2	4.6	4.7	2.9	4.8	4.8
GJD Total	18.3	25.4	21.1	21.0	9.8	9.0	11.5	16.2
Libya	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	0.3	0.0	0.0	0.0	0.0	0.5	0.4	0.5
Good Governance	0.5	0.0	0.0	0.0	0.0	0.0	0.0	7.0
Political Competition, Consensus Building	0.0	0.0	0.0	0.0	9.0	0.0	0.0	0.0
Civil Society	0.2	0.0	0.0	0.0	0.0	0.0	0.0	3.0
GJD Total	1.0	0.0	0.0	0.0	9.0	0.5	0.4	10.5
Morocco	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	0.0	0.0	3.0	0.6	0.3	0.0	0.0	0.0
Good Governance	2.8	3.7	3.0	5.5	0.0	0.0	0.0	0.0
Political Competition, Consensus Building	1.0	0.8	1.0	1.0	2.2	2.2	2.0	2.0
Civil Society	1.2	2.7	2.0	1.5	5.0	3.7	5.2	4.0
GJD Total	5.0	7.2	9.0	8.6	7.5	5.9	7.2	6.0
Syria	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	0.0	0.0	0.0	3.5	5.4	0.0	9.0	14.0
Good Governance	0.0	0.0	0.0	0.0	0.0	1.8	40.0	50.0
Political Competition, Consensus Building	0.0	0.0	0.0	0.0	0.0	0.6	20.0	0.0
Civil Society	0.0	0.0	0.0	49.0	10.5	3.1	15.0	55.0
GJD Total	0.0	0.0	0.0	52.5	15.9	5.5	84.0	119.0

TABLE 4 (CONTINUED)
(IN MILLIONS OF DOLLARS)

Tunisia	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	0.2	0.2	0.8	0.4	3.0	1.3	1.0	3.6
Good Governance	0.2	0.2	0.5	0.5	0.0	0.0	0.7	10.8
Political Competition, Consensus Building	0.0	0.0	0.4	0.4	0.0	0.0	0.7	1.4
Civil Society	0.0	0.2	0.5	0.5	0.0	0.0	0.5	5.4
GJD Total	0.3	0.5	2.0	1.6	3.0	1.3	2.9	21.2
West Bank & Gaza	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	2.0	8.8	18.8	30.8	18.3	19.5	19.1	20.9
Good Governance	16.5	14.2	12.6	19.3	2.9	15.6	14.8	15.6
Political Competition, Consensus Building	1.7	0.1	0.3	0.0	0.0	0.0	0.0	0.0
Civil Society	16.7	8.6	6.3	6.9	0.0	0.8	1.9	1.9
GJD Total	36.9	31.6	38.0	56.9	21.2	35.9	35.8	38.4
Yemen	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Request	FY16 Request
Rule of Law and Human Rights	0.0	0.0	0.9	5.0	2.5	1.0	2.5	2.5
Good Governance	1.7	7.6	1.4	4.0	5.0	0.0	26.0	22.0
Political Competition, Consensus Building	0.9	0.6	1.0	12.0	5.0	0.0	5.0	5.0
Civil Society	1.3	2.8	0.5	2.0	1.5	0.0	6.0	10.5
GJD Total	4.0	11.0	3.8	23.0	14.0	1.0	39.5	40.0

