

Statement for the Record
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Chairman Ros-Lehtinen, Ranking Member Deutch, Members of the Subcommittee, thank you for inviting us to appear before you today to discuss our FY 2015 Budget request.

For generations, Americans have worked across the Middle East and North Africa region to build the foundations for peace and stability in support of our paramount national security interests. The United States long urged regional leaders to promote evolutionary changes and launch economic reforms to prevent the kinds of convulsive change we have seen in recent years. But the ground, as we knew it would, is shifting.

People across the Middle East and North Africa demand action. For the past three years, the region's young people – nearly 50 percent of the region's population is under age 30 – have been demanding changes in their societies and a greater say in determining their destinies. The result has been unrest, revolution and, in the case of Syria, civil war. While many who have risen up aspire to democratic governments and universal rights, for many others, their concerns come down to the basic issues of jobs and opportunities. After the experiences of the past three years, regional leaders are paying attention – and so must we. Although events and the pace of change are unpredictable, we believe that consistent and strong diplomatic engagement and the strategic deployment of assistance by the United States to support the transitions underway will assure a longer term trajectory that will be better for us all.

Our \$7.6 billion FY 2015 budget request for both diplomatic engagement and foreign assistance funding reflects our view that U.S. national security interests require us to be an engaged partner with the governments and people in the region – providing support for political and economic reforms, as well as promoting security and stability in the region. The United States needs to associate itself with the people of the region's aspirations for the future, including economic opportunities and core democratic principles.

This ongoing process of transition will continue for some time. As a result, large numbers of people across the region share a deep sense of frustration. In countries that have experienced revolutions we have seen that years of authoritarian government have left people with high expectations, but few institutions to sustain change or leaders with the political skills to shape it or the managerial skills to run reforming governments. In some parts of the region, instability has festered in geographic areas that governments cannot effectively control. It is in such places that opportunistic, violent extremists seek to establish safe havens.

Fundamental U.S. interests in the region have not changed – but in this continuously evolving region, our challenges are significantly different. The United States continues to combat the spread of terrorism, violent extremism, and the proliferation of weapons of mass destruction; promote the free flow of commerce and ensure global energy security; and support good governance and engaged civil society. To address these interests, U.S. diplomatic priorities will be to preserve Israel’s security; support negotiations that will assure Iran does not acquire a nuclear weapon; promote a political transition in Syria and eliminate its chemical weapons; bolster key regional partners; and seek a comprehensive and lasting Middle East Peace between Israel and its neighbors.

This will be hard work; it will require all of the tools at our disposal, including diplomatic engagement, public diplomacy and exchanges, and assistance resources. We need to have dedicated diplomats in the field who can operate from secure facilities, yet also get out and meet with citizens and officials across the region. My staff and I pay very close attention to threats to our people, but we also know that we work in some high threat environments. Our targeted assistance programs do much to provide for critical humanitarian and security needs across the region; to support governments struggling with health, agriculture and critical infrastructure issues; and to strengthen governance and support democratic values. Going forward, the most important contributions we make will be to help regional partners counter the threat of violent extremism, strengthen their economies, expand education, and provide jobs – especially while expanding business and trade with the United States. Our engagement now, during this critical period of change, will form the strongest basis for our partnership with countries of the region, focusing on lasting growth, prosperity and peace.

What We Have Done

Last summer, in response to our diplomatic efforts, Israelis and Palestinians agreed to pursue final status talks, an essential step toward ultimate resolution of the long-

standing Arab-Israeli conflict, though it is no surprise that these negotiations have been difficult. As the President said on Friday, “It is still in America’s interest as well as Israel’s interest and the interest of the Palestinian people to see if we can resolve a conflict that is combustible. And so far, at least, what we’ve seen is some movement on both sides to acknowledge that this is a crisis long running that needs to be solved. What we haven’t seen is, frankly, the kind of political will to actually make tough decisions. And that’s been true on both sides.” Meanwhile, our ironclad support for Israel’s security, including our commitment to Israel’s qualitative military edge, foreign military financing, and joint training and exercises, is unwavering. We have maintained our support for Jordan and for Jordan’s cooperative relationship with Israel. Similarly, Egypt’s commitment to its peace treaty with Israel has remained strong despite the changing political landscape in Cairo.

The United States, working with our P5+1 partners, has been engaged with Iran in negotiations to resolve our concerns about its nuclear program. In January, we began implementing the Joint Plan of Action, which for the first time in a decade halts and rolls back key aspects of Iran’s nuclear program in exchange for temporary, limited, and reversible sanctions relief. While we have pursued diplomacy, we have maintained, in coordination with international partners, economic and political pressure on Iran. The vast majority of our sanctions remain in place, and we continue to enforce them vigorously. In February, we began negotiations with Iran on a comprehensive solution to ensure that it cannot acquire a nuclear weapon and that its nuclear program is exclusively peaceful. Of course, the outcome of these negotiations remains to be seen.

The three-year Syrian civil war, which began only after the Asad regime brutally attacked Syrians seeking reforms through peaceful protests, has cost 150,000 lives and created millions of refugees and internally-displaced persons. The U.S. government is providing over \$1.7 billion in humanitarian assistance to support conflict-affected populations in Syria and refugees from Syria in neighboring countries along with the affected host communities. In addition, we are providing \$260 million to assist the moderate opposition and provide nonlethal support to the Supreme Military Command (SMC) in support of finding a political resolution to the crisis. We have increased bilateral and multilateral development and humanitarian aid to strengthen Lebanon’s ability to mitigate spillover effects from the Syria crisis in refugee-hosting communities. Cash transfers beyond our regular bilateral assistance and loan guarantees have supported Jordan’s economy in this time of need as it struggles with the influx of Syrian refugees.

In response to the Asad regime's brutal use of chemical weapons against the Syrian people, we have mobilized the international community to ensure the verifiable elimination of the regime's chemical weapons program. To date, international inspectors have verified the functional destruction of the regime's chemical weapons production, mixing, and filling equipment, and the international community has removed over 90 percent of the regime's declared chemical weapons materials.

Concerned by the growing extremist threat created by the situation in Syria, the U.S. government has bolstered regional counterterrorism partnerships, sustained regional counterterrorism operations, and enhanced our partners' abilities to conduct counterterrorism operations. Ultimately, we believe that the counterterrorism threat in Syria cannot be resolved until a political transition occurs in which Bashar al Asad is removed from power. He serves as a magnet for terrorists from around the world.

Across the region, the United States supports political and economic reforms in response to fast-moving events. We have supported national dialogues between citizens and their governments and new political processes in transitioning countries. We supported the Tunisian economy through a sovereign loan guarantee and cash transfer and promoted private sector development; we are continuing to help Tunisia build its economy and create jobs, reform its criminal justice sector, and prepare for the next round of parliamentary and presidential elections. In Yemen, we continue to support the Gulf Cooperation Council-brokered transition initiative, including robust U.S. government support for the outcomes of Yemen's National Dialogue and upcoming elections; the transition to date has been an important success inaugurating a more inclusive, representative political process. We have also partnered with the Yemeni government to support Yemeni military and security forces' reorganization and its efforts to extend security and counter the shared threat we face from al-Qaeda in the Arabian Peninsula. We signed a \$1.25 billion loan guarantee agreement with Jordan in 2013 and plan to sign a second loan guarantee for Jordan for \$1 billion at the end of April, pending consultations with and notification to Congress, which will reinforce Jordan's economic reform program, support its continued access to international capital markets, and provide external financing at affordable rates.

Our Request

It is very likely that FY 2015 will continue to be a period of significant challenges to peace and stability in the NEA region, where U.S. engagement on behalf of our national security interests will be essential. I am particularly concerned that our

State Department field officers have the facilities, tools, and skilled workforce to advance our national security policies effectively.

Our FY 2015 Near Eastern Affairs (NEA) budget request of \$7.6 billion is comprised of \$631.3 million for Diplomatic Engagement (\$321.5 million in Enduring funds and \$309.8 million in Overseas Contingency Operations (OCO) funds) and \$7 billion for foreign assistance. For Diplomatic Engagement, our request for Enduring funds is an increase of \$44.4 million above the FY 2014 enacted level for American and Locally Employed Staff salaries, to reflect the ongoing security realignment initiative, new domestic and overseas positions, and the continuing transition of contingency operations in Iraq to a more traditional diplomatic presence. OCO funds increase by \$129 million over FY 2014 enacted levels, including \$82.1 million for the ongoing transition in Iraq and \$46.9 million to transition to operations on the ground in Syria while continuing some efforts in Turkey. The foreign assistance request is \$113 million, or 1.6 percent, above the estimated FY 2014 allocation. The increase would provide funding to support reforms and transitions in response to continuing regional transitions and instability, and significant resources for Syria.

New Priorities

The Department is seeking \$1.5 billion in the FY 2015 foreign assistance request in response to Syria-related needs, regional contingencies, and to support economic and political reform initiatives across the region. The structure of this request is informed by more than three years of experience in not only what assistance is needed and is most effective, but also by our regular consultations with the Congress. The FY 2014 request for the MENA Incentive Fund proposed the creation of a new account. In contrast, the FY 2015 request for a MENA Initiative includes requests for funds within existing accounts, utilizing the authorities available in the Foreign Assistance Act and annual appropriations bills to meet evolving needs.

Specifically, the overall FY 2015 request includes \$1.1 billion in the humanitarian assistance accounts for ongoing Syria-related humanitarian needs. Approximately 11 million people are projected to be displaced or in need of humanitarian assistance as a result of the conflict, and these numbers continue to grow. We are seeking \$155 million to continue support to the moderate opposition or to support a potential Syrian transition. These resources remain a high priority for the United States as we continue to support those working towards Syria's future. We will continue to support moderate local councils and civil society organizations in Syria, as they have shown success in directly helping Syrians affected by the

conflict and stand in the way of violent extremists seeking the support of the unemployed and desperate young men caught up in the conflict.

Over the past three years, we have made adjustments to many of our bilateral programs in order to better meet the changing needs on the ground. The FY 2015 bilateral request reflects our continuing effort to make those adjustments, particularly for Syria, Yemen, Libya, and Tunisia. At the same time, we see opportunities to support reforms on a regional basis that complement our bilateral efforts but are difficult to support out of bilateral budgets. Moreover, the pace of change in the region has shown the need for committed but flexible funds that will enable the United States to respond rapidly to critical needs and take advantage of opportunities as they emerge. Therefore, this request includes \$225 million to support reforms throughout the region to promote broad-based economic growth, stability and democratic change.

Included in this amount are funds to promote a regional economic architecture and strengthen economic ties between nations; for programs to strengthen governance, civil society, and openness in societies in the region; and to promote human rights and the rule of law focused on transitional justice, countering violent extremism, and security sector reform. In addition, we are developing programs that aim to create jobs and spur private investment throughout the region by mobilizing financing for growth-oriented start-up and early-stage companies, and that will foster partnerships in water resource science and management across the region, which has less than 1.5 percent of the world's renewable freshwater resources at its disposal.

Finally, because so many of the urgent resource needs emerging over the past three years have been the unexpected consequences of rapidly changing events, we are requesting \$50 million for other regional contingencies to be placed in specific accounts, that will enable us to respond to short-term needs as they arise.

Resource Shifts

Our Syria-related and regional contingencies request, in addition to our Yemen and Iraq bilateral requests, are the most important changes from our previous budget request.

Even as Iraq prepares for national elections, its first since the withdrawal of U.S. troops, the country's armed forces are in a horrific fight against our mutual enemy – violent extremists who are exploiting the Syrian civil war to expand their influence across the region. By the end of 2013, suicide and vehicle-borne attacks

initiated by the Islamic State of Iraq and the Levant, returned to levels not seen since the height of the Iraq war in 2007. Additionally, over the past four months, over 70,000 families have been displaced by the violence in Anbar, which is spreading to other parts of Iraq. The United States is providing targeted security and development assistance to assist Iraq in its fight and to further U.S. strategic interests in Iraq, while reflecting our normalized relationship with Iraq. The FY 2015 total bilateral foreign assistance request for Iraq, at \$308.8 million, will focus on U.S. priorities such as programs for counterterrorism, vulnerable populations, democracy and governance, and commercial development, especially in the energy sector. This request, which represents a significant decrease from FY 2014 levels, balances our national security priorities while recognizing that assistance for Iraq must be considered within the context of ever-increasing worldwide requirements and the realities of a fiscally constrained budget environment.

Yemen's political transition is progressing, achieving an important milestone through the broadly inclusive National Dialogue that set forth recommendations for the country's political future. With active U.S. engagement, Yemen's transitional government has made some gains extending security in the country, both through military operations against al-Qaeda in the Arabian Peninsula and its affiliates, and through a challenging reorganization of both the Defense and Interior ministries. The Yemeni people continue to face significant humanitarian and economic challenges, including very high malnutrition and unemployment rates; young men with few alternatives are fodder for recruitment by violent extremist organizations. Our proposed enhanced Yemen bilateral budget of \$106.5 million will help to continue the fight against violent extremists, consolidate the gains of the democratic transition and address critical economic challenges, in addition to humanitarian assistance to help vulnerable Yemenis. Out of the \$64.5 million in ESF that we are requesting for Yemen, \$20 million will strengthen local Yemeni government institutions and civil society organizations that will hold them accountable.

Elsewhere in the region, Tunisia has made great strides since the revolution: establishing an independent elections commission; adopting a new constitution that respects universal rights; and installing a new, independent government that will lead the country to elections. Some of you may have heard about this directly from Prime Minister Mehdi Jomaa during his recent visit to Washington. Despite these gains, underlying economic and security challenges pose substantial threats to Tunisia's stability, including high unemployment and an evolving terrorist threat. Our FY 2015 bilateral request of \$66 million provides resources that will enable

the United States to support Tunisia's democratic transition, bolster security, and promote economic growth. Tunisia remains one of the region's best hopes for a successful transition to democracy and it will set the example for other countries in the region.

U.S. military and economic assistance to Egypt, which we have requested at \$1.5 billion in FY 2015, will sustain our long-standing partnership with Egypt in pursuit of mutual goals. As circumstances in Egypt have changed, we have reevaluated how our assistance best supports our objectives, including fostering long-term security and stability in Egypt and directly supporting the Egyptian people's aspirations for economic opportunity and universal rights. For example, to help prepare Egyptian young people for the workforce, we are supporting a higher education initiative to help students, especially women, earn degrees in the fields that provide the 21st century science, technology, business and management skills urgently needed to rekindle Egypt's economy. As a result of reorienting our economic assistance to work more directly with the Egyptian people, we are seeking \$200 million bilateral ESF for Egypt in FY 2015, the same planned allocation in FY 2014, but a decline from FY 2013. Existing prior year and FY 2015 resources will be sufficient to support our objectives.

The stability and security of the strategically significant Maghreb-Sahel region depends, in large part, on Libya's ability to consolidate its political transition and build effective governance and security institutions. Libya is a country with enormous oil resources, but its instability continues to undermine the government's ability to raise revenue and spend its money effectively. To support Libya's fragile transition, we are bolstering our assistance efforts to strengthen internal security, advance the political transition, develop governance capacity to provide basic services, and create opportunities for diversified economic growth.

Enduring Commitments to the Region

The United States will continue to support Israel's security and seek a comprehensive and lasting Middle East Peace between Israel and its neighbors. The FY 2015 bilateral request for Israel, at \$3.1 billion, will help Israel to maintain its qualitative military edge, which continues to be a cornerstone of U.S. policy in the Middle East. The U.S. government also pursues comprehensive Middle East Peace by supporting Palestinian institution-building so that a future Palestinian state will possess the capacity to govern, provide services, and ensure security and stability within its borders and also with its neighbors. To bolster this policy approach, our foreign assistance request of \$441 million for the West Bank and Gaza will support the development of Palestinian Authority institutional capacity

to deliver quality services, improve security conditions on the ground while reinforcing Palestinian respect for the rule of law, and foster the conditions for a strong private-sector driven economy. I want to address last week's agreement between Hamas and the PLO to form a provisional government of technocrats to plan for elections. We share Congress' commitment to ensuring no U.S. assistance goes to a Palestinian government that includes any terror group that denies Israel's right to exist, is pledged to Israel's destruction, and does not accept the Quartet principles, and we will continue to ensure full and vigorous compliance with all provisions of law governing assistance to the Palestinians. To date, there have been no changes in the make-up of the Palestinian Authority government. Despite Prime Minister Hamdallah's recent offer of resignation, his government – and all of its ministers – remains in place and is expected to unless/until an interim government of independent technocrats is formed following up to five weeks of consultations.

Demonstrating our strong commitment to Lebanon, we have increased our bilateral assistance to Lebanon to meet the challenges to stability posed by the spillover effects of the Syrian civil war, which are likely to remain. The \$155 million FY 2015 total bilateral request for Lebanon will be used to build the capacity of the Lebanese Armed Forces and the Internal Security Forces in part to help them control Lebanon's borders and assert sovereignty, improve the delivery of public services, expand economic growth, and build the capacity of local government and civil society.

U.S. foreign assistance to Jordan supports the government's political and economic reform efforts while helping address development and economic challenges brought on by external economic shocks, regional unrest, and hosting large numbers of refugees from Syria. United States assistance also supports efforts to deepen our partnership with Jordan to promote comprehensive regional peace and combat terrorism. The \$671 million FY 2015 bilateral request continues current MOU commitment levels of \$360 million in ESF and \$300 million in FMF, and includes our requests for IMET and NADR funding. Combined with the access to international capital that our loan guarantees last year and this year provide, our assistance will support Jordan's capacity to promote security and stability in the region; advance political, economic, and social reform; and help mitigate Syria-related economic and security strains to the extent possible.

Conclusion

Madam Chairman, Ranking Member Deutch, the United States will continue to face paramount national security challenges in the Middle East and North Africa

region for some time. While the region's citizens are going through a very difficult period, we will use all the tools at our disposal –our diplomatic presence, economic and trade policy, military-to-military relations, public diplomacy and exchanges – to advance U.S. interests and values. The resources you provide will play a critical role in assuring success and a better future for the people of the region and the security interests of the United States.