

ASSESSING PRESIDENT OBAMA'S MIDDLE EAST AND NORTH AFRICA FY 2017 BUDGET REQUEST

HEARING

BEFORE THE
SUBCOMMITTEE ON
THE MIDDLE EAST AND NORTH AFRICA
OF THE
COMMITTEE ON FOREIGN AFFAIRS
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BUDGET REQUEST**

WEDNESDAY, APRIL 13, 2016

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

The committee met, pursuant to notice, at 11:30 a.m., in room 2172 Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the subcommittee) presiding.

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

After recognizing myself and Ranking Member Deutch for 5 minutes each for our opening statements, I will then recognize other members seeking recognition for 1 minute. We will then hear from our witnesses.

Without objection, ladies, your prepared statements will be made a part of the record and members may have 5 days to insert statements and questions for the record, subject to the length limitation in the rules.

The chair now recognizes herself for 5 minutes.

We are here today to discuss the President's FY17 budget request for the Middle East and North Africa Region. I fully support the request to honor the terms of the Memorandum of Understanding, MOU, with our closest ally, the Democratic Jewish State of Israel and helping to ensure that she has what she needs to defend herself and her citizens.

In the aftermath of the weak and dangerous Iran nuclear deal and the corresponding race to arms by many of the nations in the region that feel threatened by a newly-empowered Iran, Israel is facing a new dangerous environment, so it is critical that we ensure that Israel's qualitative military edge is intact and vigorously enforced, as our policy stipulates and as our laws state. So, I strongly urge the administration to conclude the negotiations on a new robust MOU with Israel in an expeditious manner and in a way that reflects the new reality that the Jewish State faces in the region.

I am also pleased that the administration is following through with the additional support for Jordan, as agreed upon in last year's MOU, with \$1 billion to help the Kingdom cope with the strain on its resources from the Syrian humanitarian crisis and the

influx of refugees, as well as help provide Jordan with the tools that it needs to continue to fight on the frontlines against ISIS.

However, this request for Jordan highlights one of the most noteworthy trends of the current request, which is the administration's continued shift to move a significant amount of assistance from the regular Foreign Affairs budget to the Overseas Contingency Operations, OCO accounts. Nearly half of this year's budget request is OCO funds, \$3.5 billion of the \$7.1 billion for the Middle East and North Africa in non-humanitarian bilateral aid. That is over 100 percent more than last year's request, with almost all of the \$1 billion for Jordan coming in OCO. This is a troubling trend that the administration needs to explain in greater detail, as we are seeing funds that should be in the base budget that are being shifted into the OCO fund.

Tunisia is strategically important and this is where the democratic transition has been referred to by the administration as a model for other states in the Arab world. However, when compared to Egypt, Jordan, or even Lebanon, our aid package to Tunisia does not really indicate that the administration views its future as a high priority. The people and Government of Tunisia needs us now more than ever.

While this year's request may represent an increase, foreign military financing assistance for Tunisia's security accounts for \$45 million, while slightly more than that is being provided for democracy and governance and economic assistance. Tunisia is facing some trying times at the moment, and we want to support it and ensure that it remains on the transition toward democracy. Yet, the administration does not appear to be making a successful transition a priority in this request.

While Lebanon may be facing significant problems as a result of the Syrian conflict, it has been mired in a political crisis for nearly 2 years and has no elected leader, and concerns remain over Hezbollah and Iran's increasing influence in Lebanon. This raises questions over how our assistance to Lebanon is being used to advance our interests. The same can be said over continued assistance requests for Libya or Yemen, two other countries in dire political straits.

When it comes to strategic interest, in the region, Egypt remains near the top. Egypt's security and stability are key U.S. national security interests, which is why we continue to provide Cairo with the foreign military financing assistance it needs and we will continue to work with Egypt to tackle the terrorist threat, in the Sinai.

Yet, in Egypt we are facing a significant pipeline issue where between \$500 million to \$700 million in previous years funds have not been spent nor obligated. Yet, the administration continues to request \$150 million in ESF for Egypt without presenting a concrete plan on how it will spend these unobligated funds and without having the flexibility to operate in Egypt that we once had.

When we discuss using our assistance as effectively and efficiently as possible, we have to talk about our response to the Syrian humanitarian crisis. The United States has been the single largest donor in response to the Syrian humanitarian crisis by providing over \$5 billion and we'll continue to do what we can, but our

policies to get at the root cause of the problem have failed and Assad still remains in power. While most of this assistance is being funneled through the U.N., it raises questions about whether or not we are maximizing our assistance in this humanitarian response.

But when talking about using our assistance effectively in furtherance of our interests, perhaps the most egregious failure of this budget request is the continued request by the administration for hundreds of millions in assistance for the West Bank and Gaza. The Palestinian Authority and Abu Mazen have continued to incite violence against Israel, have continued to support terrorism, have continued to fund the salaries of terrorists in Israeli prisons as well as their family members. And the Palestinians continue to seek to de-legitimize the Jewish State at the United Nations and are moving forward with plans to undermine the peace process by seeking unilateral statehood. The administration may argue that it has sought less for the Palestinian Authority in this year's budget request, but we should have cut off all assistance to the PA for violating several provisions of U.S. law.

So, I welcome our distinguished guests. I look forward to hearing from the administration about the justifications for its budget request and how these line up with the administration's objectives for the coming year in the Middle East and North Africa.

With that, I am so pleased to yield to the ranking member, my good friend, Mr. Deutch of Florida.

Mr. DEUTCH. Thank you, Madam Chairman. I hope you feel better.

And thank you, Assistant Administrator Alexander and Assistant Secretary Patterson, for being here today. It is a pleasure to welcome you back to the subcommittee. We look forward to a positive discussion about the region.

I want to take a moment, again, to thank the hard-working USAID and State Department employees and Foreign Service Officers who work in dangerous and difficult places to help those in need and promote American values around the world. Their work too often goes unnoticed and underappreciated, and I just wanted to take a moment today to highlight what they do and to thank them for it.

It is no doubt that some of our greatest foreign policy challenges are in the Middle East and North Africa. New threats have emerged that endanger the security of the United States, our regional interests, and our regional partners. This year's State Department budget request for the region is \$7.3 billion, a 9-percent increase from what we spent in 2015. Of the \$6.1 billion requested in global humanitarian aid, \$2 billion is to address the humanitarian crisis in Syria.

For over 5 years, the region has been struggling to deal with the effects of the war in Syria. The devastating humanitarian crisis will certainly have implications not just this coming year, but for years to come and for decades to come.

I have repeatedly expressed my deep frustration over the international response to the humanitarian crisis in Syria, but I would like to applaud the administration for the contribution that it has made to address this crisis, the largest from any donor country to date.

But, as the crisis continues to drag on, we must look for sustainable ways to support those displaced by war. Efforts to shore up host countries like Lebanon and Jordan must focus on increasing capacity of schools and healthcare centers, finding work that will allow refugees to contribute to the communities that are hosting them. I was pleased to see the conclusion last spring of the new MOU with our ally Jordan that will help to strengthen one of our best partners in the fight against ISIS.

We all know that the only end to this crisis will come through a political solution. Speaking yesterday, Ambassador Power said there is, and I quote, “an inextricable linkage between the political transition negotiations—which, of course, urgently have to take place—the deterioration in humanitarian access, and the escalation of violence on the ground, which is having a very negative bearing on the cessation of hostilities, which had reduced violence substantially.” There is so much that we have to be engaged in at so many levels in Syria.

In addition to Syria, the humanitarian situation in Yemen continues to worsen. As political talks stall, the needs of those on the ground are increasing, and the U.S. and other donor countries must be able to respond accordingly.

In Tunisia, we look for ways to bolster the country’s economy and nascent democracy while stabilizing the security situation. The Tunisian Government has thus far responded well to the number of deadly attacks over the past year, and we have seen positive results from our efforts to help Tunisian security forces professionalize in these difficult circumstances.

However, it is troubling that the largest contingent of foreign fighters to ISIS are Tunisian, and the entrance of ISIS to Libya will continue to pose a threat to the region, and especially to Tunisia.

The security situation in Libya is tenuous. Just last week, U.S. General David Rodriguez, the outgoing Commander of AFRICOM, said that the number of ISIS fighters in Libya has doubled in the past year. That is why it is more important than ever that Libya move forward with implementing a unity government. A strong central government backed by Libyan security forces is the only way to keep ISIS at bay.

Combating ISIS in North Africa will require strong cooperation across the Maghreb. Morocco and Algeria must play a significant role in intelligence-sharing, both with its neighbors as well as with the U.S. and Europe, to track foreign fighters and terrorist cells. As we work to combat extremism, we appreciate the cooperation between Egypt and Israel in the Sinai and Egypt’s efforts to control the flow of dangerous materials in and out of Gaza and destroy Hamas’ terror tunnels.

But, however strong and necessary our security cooperation and coordination is, we must also prioritize human rights. Human rights must always be a part of the conversation, even when difficult. And I am troubled by continued reports of mass sentencing, restrictions on civil society, and most recently, the potential reopening of the NGO case that saw 43 NGO workers arrested and convicted, including several Americans.

We have also deepened our coordination with our GCC partners to confront mutual security threats, including Iranian aggression. These countries must also be committed to countering violent Islamic extremism and speaking out against the radicalism and terrorism. We must always be sure that nothing we do in the region threatens Israel's qualitative military edge. Israel remains under constant threat from Palestinian terror attacks, Hamas rockets, Hezbollah advanced weaponry, and ballistic missiles launched from Iran emblazoned with the words, "Israel must be wiped off the earth." I would urge the administration to ramp up its efforts to conclude a new Memorandum of Understanding that will ensure that Israel has what she needs to defend herself for years to come.

As we continue to work toward the goal of two states for two peoples, I would hope that the administration will work to prevent any attempts to circumvent the direct negotiation process, which is the only way that peace can be achieved. Our efforts would be better served urging President Abbas to build up state institutions, to reform his economy, to commit to transparency and accountability, and to return to the negotiating table.

With respect to Iran, I cannot urge the administration enough to fulfill its promises to crack down on Iran's myriad of bad behavior, including the repeated missile tests in blatant disregard of international law, its egregious human rights violations, and its continued support for terrorism. The U.S. Navy last week intercepted a shipment of Iranian weapons bound for Yemen, and this continued bellicosity is unacceptable. No agreement precludes this country from sanctioning every person, every entity, and every sector involved in these dangerous activities. The Nuclear Agreement, as we all know, was meant to apply only to nuclear activities and the nuclear program. International law and U.S. law permits, and I think requires us, to take strong action to stop and to combat Iran's bad behavior in these other areas.

And I would also be remiss if, Secretary Patterson—if, Madam Chairman, you will just grant me an extra 30 seconds—I would be remiss if I didn't once again implore the administration to continue to working to bring home my constituent Robert Levinson. Just days before the ninth anniversary of Bob's disappearance last month, I had the honor of joining Bob's wife Christine and the Levinson children at a rally in Bob's hometown of Coral Springs in south Florida. No family deserves to go through what the Levinsons are going through, being away from their husband, their father, and grandfather, with no answers for 9 years. And I know that Secretary Kerry continues to push for Bob's return, but I would ask that this be the highest priority in every single discussion with the Iranians.

There is no substitute for robust American engagement and leadership in this challenging region as a whole, and I look forward to hearing how the President's budget request will help fulfill that goal and protect the security of this country and of our friends and allies in the Middle East and North Africa.

Thank you, Madam Chairman. I yield back.

Ms. ROS-LEHTINEN. Thank you for an excellent opening statement, and thank you for your leadership, especially on the

Levinson case. They are fortunate to have such a strong leader voicing their concerns.

I would like to recognize members for opening statements, and we will begin with Mr. Wilson of South Carolina.

Mr. WILSON. Thank you, Madam Chair, for your dynamic leadership.

Secretary Patterson, you have provided that the top line for the State Department and for the Agency of International Development will have a budget of over \$50 billion with around \$35 billion in the base budget and \$15 billion in OCO. I have seen firsthand America being successful in the Middle East and around the world to aid our allies for their citizens to have fulfilling lives.

The budget number is particularly significant this year because of the threat of Iran who stands to gain as much or two or three times this amount in cash windfall due to unfrozen assets as part of the tragic Iranian nuclear deal. We have seen Iranian support and financing of the Houthi rebels in Yemen, funding and support for Hamas in Hezbollah, providing rockets to threaten Israel, funding for terrorists and insurgents in Iraq, and support for Afghani Taliban for their terrorist activities. All of these groups have a goal of killing American military and bringing mass murder to families at home in the United States.

The concerns of Congress of the failing Iranian nuclear deal have been bipartisan. I particularly appreciate today the ranking member Ted Deutch raising issues and concerns. With all the United States can accomplish in the Middle East with the funding that we are providing, the damage that Iran stands to do in the region with \$150 billion of cash windfall is dangerous. I look forward to continuing to work with my colleagues on the committee in ensuring proper oversight of the implementation of the bizarre Iranian nuclear deal.

Thank you.

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

Mr. Cicilline of Rhode Island.

Mr. CICILLINE. Thank you, Madam Chair and Ranking Member Deutch, for calling this hearing to assess President Obama's Fiscal Year 2017 budget request for the Middle East and North Africa.

And thank you, Ambassador Patterson and Administrator Alexander, for being here today. I look forward to hearing from you, and I want to thank you both for your dedication and your service to our country.

The Fiscal Year 2017 request of \$7.17 billion for the region is an increase of almost 9 percent over Fiscal Year 2015 enacted levels. The vast security and humanitarian needs in the region certainly justify increased spending levels, and I look forward to hearing from our witnesses about how the United States will make sure this money is used for effectively to achieve American strategic priorities.

This budget request is an issue of critical importance, especially during this time of great flux and threats to global security. From the civil war in Syria and its subsequent humanitarian and refugee crisis to the threat of ISIL, Boko Haram, and other extremist groups who seek to undermine stability and security throughout the region, to many humanitarian perils faced by millions of people

in the region, it is more important than ever that U.S. foreign assistance is targeted, responsive, and able to meet our principal goals.

As Ambassador Power states in her written testimony, the Middle East and North Africa present the most demanding challenges to U.S. foreign policy and national security. Through the work of the State Department and USAID, we must remain engaged and do all that we can to help the nations of this region to be more self-sufficient in terms of providing for its people through good governance, democratization, and less susceptible and better able to repel extremist threats.

Thank you, and I look forward to your testimony. And I yield back.

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

Mr. Issa of California.

Mr. ISSA. Thank you, Madam Chair.

And for each of our two witnesses, it is incredibly an opportune time for you to be here. I have two areas of particular concern that I will be following up with questions on.

Ambassador Alexander, in your case the education of as many as 800,000 Syrians in Lebanon and countless more internally displaced concerns me in that USAID and all of our refugee organizations seem to be looking at doing, but not accomplishing the ultimate goal. Lebanon is ill-equipped to educate 500 to 800,000 additional students, and even if they were, they have no structural plan to do so.

Some of the programs USAID has begun with are interesting, including the radio broadcast as a form of education, but they fall far short of two goals. One is education that can be verified for purposes of higher education later. The second is a form of education that clearly allows us to have our imprint of non-radicalization on that education process. I think both of those fall clearly within, between the two of you, a requirement to make sure there is a strategic plan for all the youth in the region, both those who work much of the day and get limited education and those who may be able to participate in more conventional.

Secondly, Ambassador Patterson, you and I have visited many times. You are always at the center of tough situations. Your time in Egypt causes me to say this today: The multinational force observers has out lived its historic role. That has been made very clear by my own and another Congressman's visit to the region into the North Station. They are today simply sitting ducks hunkered down, highly protected, including massive EOD assets, for purposes of a count that has not been miscounted or misunderstood or argued for more than 8 years, even with a minor exception, and more than a decade without any real argument.

As you know, Israel today counts on very large forces of Egyptians to help with the fight against ISIS in the Sinai. I urge you to recognize that now is the time to recognize that that force existed, although technically to count number of soldiers and police, it really existed to ensure a peace in the region between two countries. Today that force must be positioned to assist both Israel and the Egyptians in recognizing where ISIS and Hamas are operating, what they are doing, and providing the eyes necessary to help them

do their job better. I am not calling for a moment for the withdrawal of those troops or those personnel, brave as they are, but I want their purpose to be one of peacekeeping between two allies today in the war against ISIS. I hope you can take that back to Secretary Kerry on behalf of the committee.

And I thank the chairwoman for her indulgence.

Ms. ROS-LEHTINEN. Very good items that you bring up.

Ms. Frankel of Florida.

Ms. FRANKEL. Thank you, Madam Chair.

I just thank you all for being here again, once again.

I had the honor of traveling with our chair, Mr. Royce, this past week. We were in Jordan, Iraq, and Tunisia, and it was quite an enlightening and rigorous schedule. Madam Chair, my back is still hurting from the body armor really.

But some takeaways. It is not only the threat of terrorism, which is real in so many of these countries in the Middle East, but they are in terrible economic crisis, to the point where—I will use Iraq as an example. I mean, they are not even able to pay for their own army.

There are a lot of moving parts, but what was very clear to me, No. 1, our own security and the security of allies, not only in the Middle East, but in Europe and other places, will be affected greatly by the stability in the Middle East.

My second takeaway was that, or this may be my third takeaway, is that our leadership is absolutely needed. There is no question about it, not only from a military point of view, but just in terms of economic development, education, humanitarian, other humanitarian assistance.

So, I very much look forward to what you have to say this morning. And again, thank you for your service.

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

Mr. Trott?

Mr. TROTT. I would thank Chairwoman Ros-Lehtinen and Ranking Member Deutch for holding this hearing, and to our esteemed witnesses for testifying and sharing their valuable insight on an unstable, but crucial part of the world.

Ambassador Patterson, before assuming your current post, you were our Ambassador to Egypt and served during a very turbulent time. You had a unique perspective on the Muslim Brotherhood, one that I am hoping to hear more about from you today. For reasons unclear to me, the State Department still refuses to recognize the Muslim Brotherhood as a terrorist organization.

I am proud to cosponsor legislation in the House, the Muslim Brotherhood Terrorist Designation Act, and I am eager to see it on the Floor for a vote in front of the full House. In recent years, the copts have suffered terrible attacks and violence. The attacks were clearly well-planned and coordinated, not random acts of violence, as some have suggested. After listening to their rhetoric laced from remarks coming from their leadership, it is not surprising that they would take out their anger on Egypt's most vulnerable. To make matters worse, the Muslim Brotherhood's official account still espouses and congratulates violence while implicitly, if not explicitly, trying to encourage violence against the state and religious minorities.

I am disappointed the State Department hosted them for official meetings last year. When I questioned Secretary Kerry about this, he claimed that the State Department somehow didn't know they were part of the Muslim Brotherhood until after the visit, something I find difficult to believe.

As a country that promotes religious tolerance and acceptance all over the world, I find it reprehensible that the administration claims to promote these values, yet goes around and invites and holds meetings with the various people that have dedicated themselves to religious intolerance and violence.

I look forward to your testimony and explanation as to how much more damage the Muslim Brotherhood needs to cause before we call them terrorists.

Thank you. I yield back.

Ms. ROS-LEHTINEN. Amen. Thank you very much, Mr. Trott.

And we are so happy to welcome back wonderful witnesses who are always accessible to us, and anytime we call them, they say, "Yes. When do you need us?" So, thank you, ladies, very much for being so good to our subcommittee.

First, we are pleased to welcome back Ambassador Anne Patterson, who is Assistant Secretary of State for Near Eastern Affairs. Ambassador Patterson has served as the U.S. Ambassador in El Salvador, in Columbia, in Pakistan, and in Egypt. She has also been Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, Deputy Permanent Representative to the United Nations, and the State Department's Deputy Inspector General.

Welcome back, Ambassador Patterson.

We also want to welcome back another good friend, Assistant Administrator Paige Alexander of the Bureau of the Middle East at USAID. Previously, Ms. Alexander has served as the Assistant Administrator of the Bureau for Europe and Eurasia, as well as Associate Director of Project Liberty at Harvard University's John F. Kennedy School of Government. She has also served on the Board of the Basic Education Coalition and the Project on Middle East Democracy.

Thank you so much, ladies, and the floor is yours. We will start with Ambassador Patterson.

STATEMENT OF THE HONORABLE ANNE W. PATTERSON, ASSISTANT SECRETARY, BUREAU OF NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE

Ms. PATTERSON. Thank you, Madam Chairman, Ranking Member Deutch, members of the subcommittee. Thank you for inviting us to appear before you today to discuss the President's Fiscal Year 2017 budget request. We appreciate the subcommittee's continued support and congratulate its initiatives, most recently, for the Hezbollah International Financing Prevention Act of 2015.

The Middle East and North Africa present the most demanding challenges to U.S. foreign policy and to our national security. As you know, the administration's highest priority continues to be the safety and security of the American people and the American homeland. This is why we are leading the global coalition that will defeat ISIL, are actively engaged in supporting the cessation of

hostilities and political negotiations in Syria, and are advancing peace in Yemen and Libya. Each of these conflicts poses its own unique challenges to our national security with the potential for serious economic repercussions.

Continued full implementation of the Joint Comprehensive Plan of Action will ensure Iran's nuclear program remains exclusively peaceful. Nevertheless, we remain deeply concerned about Iran's destabilizing activities.

The President's foreign assistance request for the Bureau of Near Eastern Affairs is \$7.3 billion. This includes \$3.1 billion to support our enduring commitment to Israel's security, \$1.5 billion for bilateral cooperation with Egypt to advance our national and regional security interests, and \$1 billion to continue our strategic partnership with Jordan on issues ranging from countering violent extremism to advancing Middle East peace.

In the coming year, potential openings in Yemen and Libya further highlight how we must work to support U.S. engagement. We must be poised to further our relationship with the Libyan Government of National Accord as it works to reunite the country, revive the living economy, and confront ISIL. In Yemen, we must help the Yemenis reestablish governance, reclaim space from AQAP, and counter a growing ISIL threat, as well as revise their badly-damaged economy.

Our capacity to react quickly in changing environments like these will require your continued support and flexibility. However, we cannot focus on crises alone. There are examples of success in the region, and it is in our long-term interest to invest strategically.

In Tunisia, we see a burgeoning democracy in need of our support, and in Morocco our strong partnership spans from security cooperation to addressing economic challenges. This budget provides the resources to support U.S. engagement with both Morocco and Tunisia.

As part of our efforts to degrade and defeat ISIL, the U.S. is leading a coalition of 66 states and organizations. The request also includes funding to provide training and equipment to forces fighting ISIL, help stabilize communities liberating from ISIL and Syria and Iraq, strengthens our regional partners, and supports a political solution to the Syrian civil war.

For Iraq, the FY17 request includes \$510 million, an increase over previous years, largely to provide increased economic assistance to stabilize the Iraqi economy and maintain critical security assistance.

In Syria, the request of nearly \$239 million will provide support to the moderate Syrian opposition to help achieve a political solution and counter extremist threats, including from ISIL and Jabhat al-Nusra.

In Jordan, we remain a strong supporter of the government's efforts to maintain security, stability, and prosperity, particularly in light of the crises on Jordan's border.

And in Lebanon, we are supporting their efforts to cope with the spillover effects of the crisis in Syria.

Our request also represents our firm commitment to working with Israel and other regional partners to counter Iran's desta-

bilizing activities in the region. Let me assure you that Israel's security remains a top priority for the administration. It is critical for both the Israelis and the Palestinians that steps are taken to promote stability. So, we are requesting \$364 million in foreign assistance to support the Palestinian people with programs to bolster economic development, improve health and education, and enhance security on the ground.

In Egypt, we have long enjoyed a strategic relationship which furthers our national interests. Nonetheless, we continue to press the Egyptians about our concerns regarding their human rights record.

Madam Chairman, I also want to stress the importance of our regional programs. They not only complement our ongoing bilateral assistance, but they are also a tool for advancing our interests.

The Middle East Partnership Initiative furthers U.S. engagement with civil society across the region. It empowers women, fosters entrepreneurship, engages at-risk youth, and develops the capacity of local organizations.

I want to thank this subcommittee for your ongoing support as we continue to advance our interests in the Middle East. I look forward to answering your questions.

Thank you.

[The prepared statement of Ms. Patterson follows:]

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
April 13, 2016

Chairman Ros-Lehtinen, Ranking Member Deutch, Members of the Subcommittee, thank you for inviting us to appear before you today to discuss the President's Fiscal Year 2017 budget request. I welcome the opportunity to testify with my colleague, Paige Alexander, Assistant Administrator for the U.S. Agency for International Development's Bureau for the Middle East.

The Middle East and North Africa presents the most demanding challenges to U.S. foreign policy and our national security. Our wide-ranging security, economic, and humanitarian interests require our continued involvement and active engagement in the region. The Administration's highest priority continues to be the safety and security of the American people and the American homeland. It is in that interest that we are leading the global coalition that will defeat ISIL, we are actively engaged in supporting the cessation of hostilities in Syria, we are seeking a successful political transition in Libya, and we are advancing a peaceful resolution to the conflict in Yemen. Clearly, these are extraordinary undertakings. Each of these conflicts poses its own unique and difficult challenges to our national security with the potential for serious economic repercussions. Additionally, while continued, full implementation of the Joint Comprehensive Plan of Action will ensure Iran's nuclear program remain exclusively peaceful, we remain deeply concerned about Iran's destabilizing activities in the region, including its ballistic missile activities, support for terrorism, and support for the Houthi rebels and Assad. We must continue to advance our interests particularly at a time when economic stagnation, political instability and conflict plague the region. At such a challenging time in history, your continued support is necessary in order for us to meet these challenges as the President, the Congress and the American people expect of us.

The President's FY 2017 foreign assistance request for the Bureau of Near Eastern Affairs is \$7.3 billion, which is \$607.8 million, or nine percent, above FY 2015 levels. The budget requests the resources necessary to meet these urgent needs and ensure that we are anticipating broader political and economic changes, while

remaining an engaged and active partner to the people and the governments in the region.

The FY 2017 request includes \$3.1 billion to support our unshakable commitment to Israel's security; \$1.5 billion for bilateral cooperation with Egypt to advance our national and regional security interests; and, \$1.0 billion to continue our strategic partnership with Jordan on issues ranging from countering violent extremism to advancing Middle East Peace. The foreign assistance request targets \$4.1 billion towards the Administration's strategy to defeat ISIL, to bolster the stability of our partners in neighboring countries, and address humanitarian needs within the region. Of this total, \$2.0 billion is requested within the Bureau of Near Eastern Affairs budget.

However, as we have seen, we cannot focus on crises alone. We see examples of success in the region and it's in our long-term interest to invest strategically. For example, in Tunisia, we see a burgeoning democracy in need of our support, and in Morocco, our strong partnership spans from security cooperation to addressing economic challenges. The FY 2017 request provides funding to continue promoting core American values whether through partnerships with civil society across the region or programs promoting equitable economic growth, job creation and open markets which are not only essential to advancing stability, but also to counter violent extremism.

Countering ISIL and Support for Syria and its Neighbors

The United States has adopted a comprehensive strategy to degrade and defeat ISIL so that it can no longer threaten the region, the United States, and our allies and partners around the world. To that end, the FY 2017 foreign assistance request supports the Administration's coordinated approach to our strategy. As a part of these efforts, the United States is leading a Coalition of 66 states and organizations to degrade and defeat ISIL and to deny it resources, safe haven, and freedom of movement in both Iraq and Syria. The request includes funding to provide training and equipment to forces fighting ISIL on the ground; helps stabilize communities liberated from ISIL in Syria and Iraq; strengthens our regional partners; as well as, supports a political solution to the Syrian civil war. This is in addition to robust humanitarian support that we provide to those most in need.

In Iraq, the FY 2017 request includes \$510.4 million, an increase of \$280.6 million above FY 2015 levels, largely to provide increased economic assistance to stabilize the Iraqi economy and maintains critical security assistance. Our priorities in Iraq

include promoting security and enhancing stability throughout the country by countering ISIL and other extremists, and promoting political and economic resiliency. Accordingly, the request includes \$151.0 million in military assistance which will enhance our partnership with Iraq and strengthen the security capacity of the Iraqi Security Forces to maintain sovereign control of national territory and defend its borders against threats from ISIL. We anticipate that assistance, in coordination with the central government of Iraq could also benefit the Kurdistan Regional Government, which is an indispensable partner in defeating ISIL. Department of State security efforts closely coordinate with the Department of Defense and the Iraq Train and Equip Fund to ensure that all U.S. resources are being used effectively.

I want to emphasize that the United States cannot promote stability in Iraq solely through security engagements. It is essential that we partner with the Iraqi government to address much needed economic and political reforms. Such reforms underpin long-term stability in the region, which is why we are requesting an increase in economic assistance in Iraq. These resources will help the Iraqis reestablish governance in areas retaken from ISIL, strengthen democratic institutions and civil society, and support key economic reforms. The Iraq economy is overwhelmingly dependent on ever more volatile oil revenues, and Iraq continues to face a costly fight against ISIL. This has led to an acute fiscal crisis, which the Government of Iraq is taking concrete action to address through much-needed economic reforms in coordination with the World Bank and the International Monetary Fund. U.S. economic assistance in the FY 2017 request will reinforce these efforts by promoting broad-based growth, including through a U.S.-backed loan guarantee explicitly endorsed by the Prime Minister as well as a second Foreign Military Financing loan. Backing from International Financial Institutions, combined with continued support from the United States, will help place Iraq on a more sustainable fiscal path.

In Syria, the FY 2017 request of \$238.5 million will provide support to the moderate Syrian opposition to help achieve a political solution in Syria and counter extremist threats, including from ISIL. Our assistance remains essential to laying the groundwork for stability and reconciliation as it improves basic delivery of services, bolsters the role of civil society, and strengthens community security. The request includes funding to continue support for vetted members of the moderate, armed opposition as they seek to defend themselves and their communities from attacks by the regime and extremists, such as ISIL. In addition to supporting those who remain inside Syria fighting against ISIL and working towards a political solution to this crisis, we must continue robust support to

Syria's neighbors. Our partners in the region are at the front lines in the fight against ISIL, preventing their advances, and are under pressure as they continue to host refugees from Syria.

In Jordan, we are a strong supporter of the government's efforts to maintain security, stability, and prosperity, particularly in light of the Iraq and Syria crises on Jordan's borders. The importance of our relationship is not only represented by the U.S.-Jordan Memorandum of Understanding (MOU) on Strategic Partnership, but also by our ongoing partnership to advance Middle East Peace and counter ISIL. The FY 2017 request includes \$1.0 billion for Jordan, consistent with our MOU. This commitment includes \$367.6 million security assistance that supports Jordan's ability to secure its land borders, defend its territory and participate in coalition operations. The request also includes \$632.4 million in economic and development assistance to accelerate inclusive economic growth, strengthen the Government's ability to deliver essential services, including in refugee-hosting communities, as well as promote democratic accountability. As Jordan contends with the spillover effects of regional crises, this assistance supports our long-term interests in promoting security, stability and prosperity in a country that stands shoulder-to-shoulder with the United States in the fight against violent extremism.

Lebanon, like Jordan, has struggled to cope with the spillover effects of the crisis in Syria. In fact, Lebanon now hosts the largest per capita refugee population in the world. Through the generous support of Congress, the United States is the single largest donor to the humanitarian assistance response to this crisis. However, humanitarian assistance alone cannot meet the tremendous needs in Lebanon and the region. The United States also provides significant development assistance to support the growth of Lebanon's economy and bolsters the capacity of Lebanese communities that host refugees from Syria. Our assistance invests in basic and higher education, water infrastructure, and programs that expand economic opportunities. Through our robust security assistance, we partner with both the Lebanese Armed Forces (LAF) and the Internal Security Forces (ISF) that are critical to the fight against ISIL and other extremist organizations. Our security assistance enhances the capacity of the LAF and ISF to serve as Lebanon's legitimate security institutions. Recognizing Lebanon faces increasing critical needs, the Administration requests \$233.5 million which increases both economic and security assistance from FY 2015 levels.

Enduring Commitments

The FY 2017 request includes \$3.1 billion FMF for Israel representing our unshakeable commitment to Israel's security, marking the ninth year of a 10-year, \$30.0 billion FMF Memorandum of Understanding between our two countries. We remain firmly committed to working with Israel and other regional partners to counter Iran's destabilizing activities in the region. Israel's security remains a top priority for this Administration.

We continue to believe that a negotiated two-state solution is essential, not only for peace between Israelis and Palestinians, but for the long-term security of Israel as a democratic and Jewish state. Although tensions remain high, we continue to engage with the parties to encourage their commitment to a two state solution through policies and actions. If they are serious about moving towards a two state solution, this Administration will do whatever it can to help them achieve that objective.

At the same time, because it is critical for both the Israelis and the Palestinians that we take steps to promote stability, we are requesting \$363.6 million in foreign assistance to support the Palestinian people with programs to bolster economic development, improve health and education services, and enhance security on the ground. This assistance helps foster security coordination between Israel and the Palestinian Authority, and is instrumental in preserving security in both the West Bank and Israel

In Egypt, we have long enjoyed a strategic relationship which furthers our national interests. The Egyptians are key partners on issues such as combatting ISIL in Sinai, advancing peace in the region, supporting a the Government of National Accord in Libya, encouraging political transition in Syria, and supporting negotiations to end hostilities in Yemen. We continue to press the Egyptians regarding our concerns about their human rights record. The FY 2017 request of nearly \$1.5 billion reflects our commitment to advance mutual security interests, such as counterterrorism and border security, and strengthens our partnership with the Egyptian people through education programming and programs to encourage investment and job creation.

Supporting Reform

Tunisia is an important, if still nascent, democratic example for the region. Tunisians have made significant strides over the past year, as demonstrated by the passage of key economic reform legislation, but the country still has steps to take and requires continued support and investment from its international partners, in

particular the United States. Its transition remains fragile due to ongoing domestic and external challenges, not the least of which is regional instability emanating from the political and security crisis in Libya. The FY 2017 Request seeks \$140.4 million in assistance, an increase of \$49.0 million from resources made available in FY 2015, supporting our strategic partnership with Tunisia. Our assistance helps Tunisia address the significant security challenges resulting from regional and internal threats including support to the Tunisian military's work to transform into an agile, counterterrorism-focused force that respects human rights and democratic principles. Funding included in the FY 2017 request will also help expand economic growth, promote democratic processes, and improve governance in Tunisia.

Morocco is a vital partner in our efforts to promote regional security and stability. It has increasingly taken on a leadership role and is actively engaging with over twenty African nations through training, humanitarian assistance and peace keeping operations. However, it's not just its leadership on security issues that makes this partnership enduring; Morocco's long-standing commitment to shared economic and democratic reform is strong. The President's budget includes \$33.5 million in assistance for Morocco and is a critical component to bolstering these efforts to address the drivers of instability such as the dearth of educational and employment opportunities for Morocco's large youth population. U.S. engagement supports Morocco's capacity to face emerging threats and challenges, while enabling new economic and business opportunities through a combination of economic, development and security assistance.

Regional Programs

The importance of our regional programs cannot be understated as they tackle needs faced throughout the Middle East. Threats to vulnerable populations are increasing and our regional programs focus on countering the drivers of violent extremism and simultaneously fostering economic growth. The FY 2017 request includes funding for programs providing critical support for civil society, businesses, and non-governmental organizations that advocate for political, social, and economic reform. For example, the request includes \$60.0 million for the Middle East Partnership Initiative (MEPI) and \$7.9 million for the NEA portion of the Trans-Sahara Counterterrorism Partnership, which fosters regional security cooperation to counter violent extremists across North Africa and the Sahel. Our commitment to fostering democratic organizations and strengthening the rule of law and respect for human rights spans across the region from Morocco to Iran. In addition, regional programs like MEPI fund activities foster entrepreneurship,

engage with at-risk youth, empower women, and develop the capacity of local organizations to engage with governments in the region on political and economic reform. For example, a recent MEPI program partnered with Tunisian franchising associations, individual entrepreneurs, and the Government of Tunisia to streamline franchising regulations and procedures. As a result of changes affected by this project, local entrepreneurs have opened nearly twenty-nine franchises, including fifteen American franchises in Tunisia.

In the coming year, potential openings in Yemen and Libya further highlight how we must work together to support U.S. engagement during key moments of opportunity. The de-escalation on the Saudi-Yemen border and the UN Special Envoy's announcement that the parties have agreed to a ceasefire and will hold the next round of peace talks on April 18 are positive signs. We hope these steps will bring the conflict to a close and pave the way for a peaceful political transition. However, there is still much to be done, we must help the Yemenis reestablish governance, reclaim space from AQAP and counter a growing ISIL threat, and revive their badly damaged economy. In Libya, we are working with the UN and our international partners to support Prime Minister Sarraj as he and the Presidency Council help complete formation of the Government of National Accord (GNA) and its safe operation in the capital. The U.S. must be poised to further its relationship with the GNA as it works to reunite the country, revive the Libyan economy, deliver tangible improvements for the Libyan people, and confront ISIL. The FY 2017 request includes only modest funding for both of these countries reflecting only what is essential to maintain our current posture and assistance engagement. Our capacity to react quickly in changing environments like these, and the ability to allocate funding most effectively, will require your continued support and flexibility.

Chairman Ros-Lehtinen, Ranking Member Deutch, the President's FY 2017 request supports U.S. efforts to counter ISIL, bolsters the moderate Syrian opposition and Syria's neighbors, funds our enduring commitments, and promotes investments to further our regional interests. I want to thank this Subcommittee for your ongoing support as we continue to advance our national security interests in the Middle East region. I look forward to answering your questions.

Ms. ROS-LEHTINEN. Thank you, Madam Ambassador.

STATEMENT OF THE HONORABLE PAIGE ALEXANDER, ASSISTANT ADMINISTRATOR, BUREAU FOR THE MIDDLE EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. ALEXANDER. Thank you, Chairman Ros-Lehtinen and Ranking Member Deutch, members of the subcommittee. We appreciate the opportunity to be up here to talk about the President's Fiscal Year 2017 budget.

The region is faced with complex challenges driven by deep political divides, economic and social forces. It is critical that the U.S. maintain its engagement and interest in this region. Conflict and the resulting humanitarian and refugee crisis have significantly compounded the challenges. These conflicts have cut economic output in Syria by 30 percent. The influx of refugees has lowered wages in some of the most vulnerable host communities. And most alarming is 13 million children are out of school due to this conflict.

It may be useful to think of USAID's response in three critical areas: Mitigating the human impact of ongoing conflicts, supporting core U.S. national security objectives, and fostering inclusive development and reform opportunities as they arise. My statement for the record includes more details of AID's priorities, but I wanted to go through a few here.

Serious development challenges and indicators show a rollback of nearly four decades due to the conflict. In addition to the U.S. remaining the world's largest donor of humanitarian assistance for the Syrian conflict, the President's budget will request continued American people's support for the development needs within Syria as well as critical support for Syria's neighbors.

The crisis has placed an enormous strain on the neighbors, many neighboring countries, including our ally Jordan. We continue our six-decade partnership with Jordan to address the development challenges, including low economic growth, overcrowded schools, and scarce water resources.

NBC Nightly News recently did a story about a school principal in Jordan who was trying to talk about the overcrowding in her school and that Syrian parents continued to come and ask that their children be allowed in. She offered that they could come if they just brought a chair. We work with this principal and thousands of other educators like her to make sure that we are providing these services.

In Lebanon, some estimates say that one out of every three people is a refugee. The President's request would support the Lebanese communities hosting refugees, helping them provide basic services like education, water, infrastructure, and support municipalities and civil societies, as well as job creation and economic growth activities.

For Iraq, the President's 2017 request includes an increase of funding to help address the grave economic challenges that they are facing. We will also work with Baghdad and the local governments in support of decentralization efforts. Our support will ease the burden of Iraq's fiscal crisis as it struggles to defeat ISIL and stabilize liberated areas.

The U.S. Government and the American people have a long-standing relationship with Egypt and the Egyptian people. USAID continues to work in partnership with the Egyptian people, but we remain deeply concerned about the restrictions in space for civil society and the reported investigations in NGOs by the Government of Egypt. USAID and the State Department continue to engage with our Egyptian counterparts on this issue.

Given the current challenging environment, AID continues to focus its programs in areas where we believe we can achieve results. In the West Bank and Gaza, U.S. assistance to Palestinian people is a key part of the U.S. commitment to negotiate a two-state solution. Our assistance contributes to building a more democratic, stable, prosperous, and secure Palestinian society, a goal that is in the interest not only of the Palestinian, but of Israel and the United States as well.

For Fiscal Year 2017, we will promote stability in the West Bank by improving service provision and healthcare, education, water, and roads, while also supporting the private sector and civil society. In Gaza, we will provide needed humanitarian assistance while at the same time addressing pressing needs, particularly in the water sector.

As the peace process proceeds in Yemen and the security environment allows, USAID will provide the expertise to support the negotiation process while supporting civil society and the inclusion of women and youth.

In Libya, the 2017 funding will support the Government of National Accord and deliver targeted assistance to support a stable political transition.

Where we are able to in the region, we aim to help our local partners address frustrations brought on the people in the streets 5 years ago. In Morocco, USAID is well-positioned to advance the country's critical economic and social reforms.

Among those who benefit from our programs were to teenaged boys in northern Morocco who were planning to head to Syria and stopped in first at a USAID-supported youth organization. A trained youth officer was able to convince them of an alternate path, setting them up, instead, with jobs at a local construction company.

Before I conclude, I would like to speak about Tunisia, which has been relatively successful in its transition, but still needs our support. Tunisia is the only country from the 2011 Arab Awakening that has defined a path toward democracy. The President's 2017 request will provide additional resources to support Tunisia as it consolidates these gains, including expanding economic and governance partnerships between the U.S. and Tunisia.

AID's efforts in Tunisia have created nearly 4,000 sustainable private sector jobs last year, and we expect our interventions will result in more than 5,000 additional jobs this year.

We face significant challenges in the Middle East and North Africa, but the American people can be proud that, through USAID and with the support of Congress, we are helping millions of people in the region, whether it is the girl at the STEM school in Egypt who has conquered intel science or whether it is the teacher and the principal in Jordan who have invited other Syrian children into her

classroom. These are some of the concrete examples of our programs.

I am proud of the innovative work that we have been doing to meet the many challenges of the region, and we will continue to work better, smarter, and faster to support the people of the Middle East and North Africa on behalf of the American people.

Thank you for your support, and I look forward to your questions.

[The prepared statement of Ms. Alexander follows:]

Statement of Paige Alexander
 Assistant Administrator, Bureau for the Middle East
 U.S. Agency for International Development
 House Committee on Foreign Affairs
 Middle East and North Africa Subcommittee
“Assessing President Obama’s Middle East and North Africa FY2017 Budget Request”
 April 13, 2016

Chairman Ros-Lehtinen, Ranking Member Deutch, and Members of the Subcommittee, thank you for the opportunity to discuss the President’s Fiscal Year 2017 budget request for the U.S. Agency for International Development (USAID) for the Middle East and North Africa, where we are faced with challenges perhaps more complex than ever before.

While the current era of unrest is being driven by inter-related and deeply-rooted political, economic, and social forces over which the United States has only limited influence, it is critical to U.S. national security interests that we maintain our engagement with people throughout the region. The region’s pre-existing challenges – poor quality education, healthcare, and other public services, coupled with lack of political and economic opportunity – were at the core of many of the uprisings that began five years ago. With few exceptions, people’s grievances have largely still not been addressed.

The protracted Syrian conflict and resulting humanitarian and refugee crisis have significantly compounded the challenges in the region. To give you just a few examples of the detrimental effects of these crises, the World Bank estimates that economic output for 2011-2014 is 30 percent lower in Syria and 10 percent lower in Iraq relative to the levels that could have been achieved had war been avoided. In Lebanon, the influx of Syrian refugees has lowered wages in some sectors, adversely affecting the poor. The effects of the conflict in Yemen – already one of the least developed and poorest countries in the region – have been devastating: over 80% of the population is in need of humanitarian assistance, with at least 6 million in need of life-saving food assistance, and estimates suggest that the economy contracted by roughly a third in 2015. And 13 million children are out of school throughout the region - mostly as a result of conflict.

Our response in the region tracks directly with the core components of USAID’s mission, which states that “We partner to end extreme poverty and promote resilient democratic societies while advancing our security and prosperity.” It may be useful to think of our FY17 priorities in the region within three critical areas: mitigating the human impact of ongoing conflicts, supporting core U.S. national security objectives, and fostering inclusive development and reform as opportunities arise.

MITIGATING THE IMPACT OF CONFLICTS

It is important to remember that the great majority of people displaced by conflict in the Middle East remain in the region. USAID programs have focused on supporting host communities to reduce the burden of refugee populations by strengthening educational and health systems,

improving local governance capacity, and developing employment opportunities for all affected populations.

Syria

As this subcommittee knows well, in Syria the world faces the most complex and largest humanitarian emergency of our time. While there has been limited positive progress as a result of the recently implemented Cessation of Hostilities, the situation remains dire. An estimated 13.5 million people, including six million children, are in need of assistance. Syria's development indicators show a roll-back of nearly four decades. A recent report by World Vision estimated the economic cost of conflict to Syria at \$275 billion already.

The U.S. is the world's largest single donor of humanitarian assistance for the Syrian crisis, and the President's budget request for FY 2017 will continue the American people's support for important development needs within Syria, as well as critical support for Syria's neighbors.

Our programs in Syria, which we conduct in close coordination with other U.S. Government agencies and international partners, are managed through platforms in Jordan and Turkey and rely on local partners inside Syria for implementation. USAID's development programs support the restoration of essential services through local and provincial councils as well as emergency response through the Syrian civil defense. Our support to communities in opposition areas assists these communities to organize, administer, maintain and expand services such as water, electricity, sewage systems, public use buildings, agricultural infrastructure, records management, and market access. By empowering moderates to meet the needs of their communities, this support serves as a bulwark against extremists who would seek to control the Syrian people through bribery or intimidation.

Through USAID, the U.S. Government is an original donor and member of the Syria Recovery Trust Fund (SRTF), the only multi-donor trust fund operating inside Syria. The SRTF has significant reach inside Syria and supports the provision of essential services, by restoring access to electricity and rehabilitating hospitals, for more than two million vulnerable Syrians. For example, the SRTF is executing three projects worth over \$6.5 million to restore critical electricity grids. One project is rehabilitating and expanding the electricity grid in a city in Aleppo governorate where most of the transformers, generators, and electrical posts were destroyed or severely damaged. Nearly completed, the project will increase electricity for approximately 95 percent of the 15,000 local residents and 50,000 internally displaced people from two hours per day to seven hours per day in the township and surrounding villages. Also benefitting from this project are a municipal office, three hospitals and one public health facility, six bakeries, 13 schools, one main water supply pump station, and the main post and telecommunication office. Significantly, 45,000 people a day have access to bread because the bakeries are operating again. With its vast experience, technical expertise, and connections inside Syria, the fund has been able to make a real difference in the lives of Syrians.

Jordan

The Syrian crisis has placed enormous strain on neighboring countries, including one of our strongest allies in the region, Jordan. Jordan hosts one of the largest USAID programs in the world, and we have partnered with Jordan for nearly six decades to address significant

development challenges - low economic growth, crowded classrooms, and scarce water resources. The FY 2017 request will also address increased needs in areas and sectors where Syrian refugees are having the greatest impact on Jordanian communities.

NBC Nightly News recently aired a story about a school principal in Jordan who refused to turn away Syrian students from her already overcrowded school, only requesting that they bring their own chairs. USAID works with that principal, and thousands of educators like her, to provide training and help them meet their goal of a quality education for all students. The U.S. Government has built 28 new schools, and the FY 2017 request will continue to fund projects that will build another 25 schools, construct 300 kindergartens, rehabilitate 50 sports facilities and complete 50 school renovations over the next five years. The FY 2017 request will also provide non-formal education to 2,000 young Jordanians and Syrians in Jordan who have dropped out of school and need a bridge to re-enter the formal school system. These students will achieve a 10th grade equivalency certificate from the Ministry of Education allowing them to join formal and vocational schools.

Exacerbating the stresses caused by these additional populations, Jordan is one of the most water scarce countries in the world. The President's request will contribute to building two new wastewater treatment plants that will serve 100,000 people in two governorates.

The FY 2017 request will be used to support workforce development and employment opportunities for vulnerable groups. Scaled-up programs available to both Jordanians and Syrian refugees in Jordan will train workers to meet new demands in industrial production and place them in jobs. These forms of job training and placement will help ensure that people have access to skillsets that reflect the needs of Jordanian businesses.

USAID will also continue to partner with host communities to uncover the stressors in community life, and then help municipalities find practical solutions—for example, paving streets, replacing broken street lights or picking up the trash—which help alleviate tensions. During my trip to Jordan last year, I met with local officials in communities hosting large refugee populations, who tell me the assistance they receive from the American people helps them do their jobs better.

Lebanon

Lebanon is also on the front lines of the Syrian crisis, and has the highest per capita refugee population in the world. Some estimates say one of every three people living in Lebanon is a refugee. The U.S. Government has been working in Lebanon for six decades, and the President's FY 2017 request would continue that assistance by supporting institutions that advance stability and promote transparency and economic growth – across sectarian lines. Funds would support Lebanese communities hosting refugees, helping them provide basic services like education and water infrastructure, and support municipalities and civil society, as well as job creation and economic growth activities.

The U.S. Government also works in Lebanon with local communities and small businesses, which generally share in project costs, to build and strengthen the links between small enterprises that rely on one another – what we call sector “value chains.” USAID programs

introduce businesses to new markets and new technology, and with a small amount of funding can leverage large amounts of new business.

SUPPORTING CORE U.S. NATIONAL SECURITY OBJECTIVES

USAID's work in the Middle East is carried out in close coordination with our colleagues at the State Department and other government agencies, and our development assistance supports core U.S. national security interests for peace and stability.

Iraq

The president's FY 2017 request for Iraq includes a significant increase in funding to help Iraq's government address serious economic challenges. We will also work with the Baghdad government and provincial bodies as we support decentralization efforts.

The increase in FY 2017 is largely attributed to our request for authority to cover the subsidy cost for a \$1 billion sovereign loan guarantee that will ease the burden of Iraq's ongoing fiscal crisis as it strives to defeat ISIL and stabilize liberated areas. We will work with our Iraqi partners and international financial institutions to ensure that the guarantee will have significant long-term development impact and enhance economic reforms.

USAID also assists Iraqi stabilization efforts by contributing to the United Nations' multilateral stabilization program, which works with Iraqi national, provincial and local leaders to restore essential services, implement livelihoods programs, rehabilitate small scale infrastructure and promote reconciliation.

Egypt

The U.S. Government and the American people have a longstanding relationship with Egypt and the Egyptian people. USAID seeks to work in partnership with the Egyptian people to support their expressed desire for more transparent, participatory and responsive government and to boost inclusive economic growth. We remain deeply concerned about restrictions on space for civil society and the reported investigations of non-governmental organizations by the government of Egypt, and along with our colleagues at State, we continue to engage with our Egyptian counterparts on this issue.

Given the current challenging environment, USAID continues to focus its program in areas where we believe we can achieve immediate results and will continue to consult with Congress as discussions progress with the Government of Egypt. FY 2017 funding will also be used to help create jobs for more Egyptians by facilitating the growth and development of small and medium-sized enterprises. This funding will also develop the Egyptian workforce by working to improve both elementary and higher education to increase the employability of young Egyptians, with a special focus on girls and women. Girls from a USAID-supported Science, Technology, Engineering and Mathematics school in Cairo have already impressed judges at the Intel science competition. One of the girls, Nada, told us while sitting behind her laptop, which prominently displayed a NASA sticker: "Today I am a student. Tomorrow I will be a woman who will change the world."

West Bank and Gaza

U.S. assistance to the Palestinian people is a key part of the U.S. commitment to a negotiated two-state solution for Israelis and Palestinians. Our West Bank and Gaza assistance contributes to building a more democratic, stable, prosperous, and secure Palestinian society – a goal that is in the interest not only of the Palestinians, but of Israel and the United States as well.

For FY 2017, our programs in the West Bank and Gaza will support the Palestinian people and stability in the West Bank, as well as provide humanitarian assistance and reconstruction support in Gaza. We will promote stability in the West Bank by improving service provision in the areas of healthcare, education, water, and roads; support the private sector and civil society; and strengthening the rule of law. In Gaza we will provide needed humanitarian assistance, while at the same time addressing some of the most pressing development needs particularly in the water sector. Assistance for West Bank and Gaza will also help provide young Palestinians with constructive activities in youth centers and schools, helping to build youth empowerment and productivity during a time of great instability in the region.

Yemen and Libya

Although the security situation in Yemen and Libya does not permit U.S. Government staff to be present, we do continue to operate limited programs using local partners. These programs are carefully monitored through local implementing partner staff, third party evaluators and USAID staff working from Tunis, Frankfurt, and Cairo.

As the peace process proceeds in Yemen and the security environment allows, USAID will provide technical expertise to support the negotiation process and emerging transition benchmarks while also supporting civil society and inclusion of women and youth. Our assistance will address the near collapse of the economy and social services, expanding access to quality health and education services with a focus on maternal and child health as well as early grade reading with flexible learning programs and psychosocial support. We will also support macroeconomic reforms to help stabilize the economy while helping restore livelihood activities in fields critical to Yemen's recovery.

In Libya, the 2017 funding will continue support for the Government of National Accord and deliver targeted assistance to support a stable political transition establishing a permanent, Libyan government. Building upon USAID's experience and contacts within Libya, USAID will provide direct technical assistance to Libyan government institutions, support "bottom-up" efforts to link national government institutions with municipal councils, civil society, and other local leaders, and fund strategic communications efforts to disseminate information on government efforts. These activities seek to build capacity and create consensus around national political issues, and approaches to encourage reintegration of militia members into Libyan society.

FOSTERING INCLUSIVE DEVELOPMENT AND REFORM

We have seen how economies are woven into both the problems and solutions throughout the region. The frustrations expressed in the Arab Awakening still exist, particularly in countries where there has been limited progress on inclusion and opportunity. Where we are able, we

support inclusive growth, youth opportunity and effective governance – with the aim to help our local partners address the frustrations that brought people into the streets six years ago.

Morocco

Relations between the United States and Morocco are strong and growing, and USAID is well positioned to help advance the country's critical economic and social reforms while promoting U.S. Government policy objectives. In line with the U.S. National Security Strategy 2015 (NSS), the FY 2017 funding request will enable USAID to continue to address drivers of instability. We aim to enhance the employability of youth, improve the ability of local organizations to address the needs of marginalized people, expand support to citizen participation in governance, and improve the responsiveness of political parties, to address the underlying conditions that can help foster violent extremism.

USAID will enhance the employability of the large youth population (roughly one-third of the population is under the age of 18) through a model career development system, including a network of "Career Centers" at universities, to provide "soft skills" training and otherwise help match youth skills with the needs of private companies. We will continue to support civil society initiatives that address the social and economic needs of marginalized youth susceptible to extremist recruitment. We will continue working to improve learning outcomes in the early grades of primary schools, helping decrease the likelihood of future dropouts. Lastly, we will expand our support to citizen participation in governance and increase political party engagement with citizens at the local level through more open structures and improved ability of political parties to implement policies that reflect peoples' needs.

In 2015, an external evaluation of our program concluded that it had improved the lives of thousands of marginalized youth. The program placed nearly 1,500 youths in jobs or internships, provided 4,400 youths with academic tutoring and engaged more than 5,000 youths in extracurricular activities. Among those who benefited were two teenage boys in Ben Dibane in northern Morocco, who said they were planning to head to Syria, but stopped in first at a USAID-supported youth organization. A youth officer was able to convince them of an alternative path away from extremism, setting them up instead with jobs at a local construction company.

Middle East Regional

The President's FY 2017 request for Middle East Regional funding enhances USAID's ability to address complex regional challenges persistent across the Middle East and North Africa, including water security, violent extremism, and a dearth of employment opportunities. Middle East Regional funding will support analysis and technical leadership to improve development programs through research, pilot activities and evaluation. It will also fund cross-border programmatic initiatives that are often multi-sectoral and emphasize innovation. We will continue to monitor health status across the region and track emerging disease threats, such as MERS, influenza and the Zika virus. Middle East Regional funding will further U.S. national security and development priorities and complement bilateral programming to: support fledgling democratic transitions; counter the ever-closing space for civil society; address severe unemployment and underemployment, especially among women and youth; confront climate

change; and improve health and education, particularly for vulnerable populations including refugees from the region's conflicts.

The FY 2017 request includes \$5 million for the Middle East Regional Cooperation Program (MERC), which supports research and development cooperation between Israel and its Arab neighbors through joint Arab-Israeli applied research projects. Despite conflicts in the region, MERC is increasing direct Arab-Israeli cooperation, building science and technology capacity for development in the Arab world, and producing development impacts, primarily in agriculture, water resources, health, and the environment.

Tunisia

Before I conclude, I'd like to speak about Tunisia, which has been relatively successful in its transition but still needs our support. Tunisia is the only country from the 2011 Arab Awakening that has defined a path to democracy, and the President's 2017 request will provide additional resources to support our Tunisian partners as they consolidate these gains.

The increase in funding reflects the U.S. Government's commitment to expanding economic and governance partnerships between the United States and Tunisia. With more than \$1.4 billion in annual trade between our countries, we already have an important economic relationship. The FY2017 request will enable USAID to continue to support the development of the Tunisian private sector by investing in programs that support small and medium sized enterprises that contribute to inclusive economic growth and employment. This includes \$20 million, which will fulfill USAID's \$100 million commitment to the Tunisia Enterprise Fund.

USAID's efforts in Tunisia created nearly 4,000 sustainable private-sector jobs last year, and we expect that our interventions will result in more than 5,000 additional new jobs this year. In one example, we worked with Hewlett Packard and UNIDO on a "Tackling Tunisian Unemployment" program that works exclusively in marginalized areas, primarily close to Tunisia's borders with Algeria and Libya. In these areas, USAID has brought online entrepreneurship training to 9,000 Tunisians, and more than 1,100 have found new employment.

We are finalizing a Country Development Cooperation Strategy for Tunisia that will focus on economic opportunity and private sector growth to create much needed jobs, but will also improve the participation of marginalized communities in local governance and improve governments' responsiveness to citizen needs.

CONCLUSION

We face significant challenges in the Middle East and North Africa. But the American people can be proud that through USAID and with the support of Congress, they are helping millions of people in the region: The girls at the STEM schools in Egypt who have conquered Intel science competitions and are now out to conquer the world; the small business in Tunisia that is now selling products in Europe and hiring and training young people to compete in the global economy; and the principal in Jordan who is committed to providing a quality education to all students, Jordanian or Syrian, even if some of them have to bring their own chairs.

I'm proud that we have been able to innovate to meet the many challenges of the region, and we will continue to work better, smarter and faster to support the people of the Middle East and North Africa, because their success and stability will enhance our own security and prosperity.

Thank you again for your support, and for inviting me to testify. I look forward to your questions.

Ms. ROS-LEHTINEN. Thank you very much to both of our witnesses. I would like to, once again, welcome you both back here and thank you for your continued service on behalf of our country.

Assistant Secretary Patterson, I wanted to follow up on a question that I had posed to Secretary Kerry in February. I asked if the administration will veto any resolution at the U.N. supporting Palestinian statehood. He stated that it was the policy of the administration to oppose any one-sided resolution that would be unfair to Israel, but he didn't give a blanket statement that, yes, the U.S. would veto.

So, I want to clear this up just a bit more because last week the Palestinian Authority, the PA, distributed a draft resolution to a number of members at the U.N. Security Council similar to the one that the U.S. did, in fact, veto in 2011. This absence of an American voice saying that we will veto gives wind beneath the wings of the Palestinians to continue this unilateral statehood scheme.

So, will the administration state unequivocally that we will not introduce, we will not support, that we will block, that we will veto any resolution at the U.N. Security Council that seeks to impose a two-state solution on Israel or that offers some artificial timeline for negotiations?

Ms. PATTERSON. Madam Chairman, let me answer this question this way: This administration, there was an article in the newspaper a few days ago that this administration has been the most vigorous in history in pursuing and protecting Israel's interest in the United Nations system. And I can speak to that from personal experience, both at the Security Council and the GA and in the specialized agencies.

I can't say without seeing a resolution—and we are familiar with this resolution—

Ms. ROS-LEHTINEN. But there is—it is not a hypothetical.

Ms. PATTERSON. No, it is no hypothetical.

Ms. ROS-LEHTINEN. Have you seen the resolution?

Ms. PATTERSON. But it has not been introduced into the Security Council.

Ms. ROS-LEHTINEN. But the draft exists.

Ms. PATTERSON. A draft exists and—

Ms. ROS-LEHTINEN. Have you seen it?

Ms. PATTERSON. And I haven't personally seen it, but it hasn't been introduced into—

Ms. ROS-LEHTINEN. Do you think that perhaps this lack of clarity to say we vetoed it before, we are going to veto it again, and here is the draft, and if this draft is going to be worked, we will veto it—when we don't say that, they are going to continue with their unilateral statehood schemes. Wouldn't you?

Ms. PATTERSON. Madam Chairman, all I can say is I think the administration's record on this is pretty clear. It is very clear—

Ms. ROS-LEHTINEN. I know. That is why it is worrisome. It is clear.

Ms. PATTERSON. And we have defended Israel vigorously. So, I can't say without seeing the resolution because, like most things—

Ms. ROS-LEHTINEN. Well, it is not a hypothetical. It exists.

But, staying with the PA, Madam Ambassador, money is fungible, and any amount of money that—oh, Mr. Chairman?

Mr. ROYCE. Good to see you, Madam Chair.

Ms. ROS-LEHTINEN. Let me just wait right here. I heard a lot of rumbling here, but I did not look aside. So, I will stop here and let me recognize the chairman of our committee, Mr. Royce, for his questions.

Mr. ROYCE. Well, thank you. I thank our chairman emeritus here.

And, Secretary Patterson, it is good to see you again.

Let me ask, since that issue was the one you were speaking on, and Mr. Deutch and I have had some discussions about this as well, and you have really led on this issue: What concerns us is twofold. It is not just that for some years now you have a system where, basically, there has been an inducement to pay human assassins to seek out innocent people and kill them. And then, a stipend is given for the time that those individuals serve in custody for their crime, and that stipend is dependent upon the severity of their crime. In other words, the amount per month paid into the fund or going to the family is dependent upon how heinous the crime, how many victims. In addition, if it is bad enough, you serve enough time, then you are automatically given a position in a Palestinian Authority once you get out. That was the old system.

Now you were before the committee before and were asked about this. At the time you indicated, well, that is being—what were your words at the time?—I think “phased out” or something, words to that effect, and that we should give them more time because they are phasing it out.

Let me just share for you and for the committee members here, Mr. Deutch and others, what we have observed since then. And that is that this process is not only continuing, but rather than the PA make the stipend directly out of the budget, what they have instead done is go to the PLO budget and make a transfer to the PLO for a sum. Let’s say the original budgeted item for assistance with the Palestinian Authority’s prison funding was \$8 million. Suddenly, it goes up. Suddenly, it goes up to \$140 million. Well, the difference is the sum taken off of the books of the PA, but it is in the same building. The PA Ministry of Prison Adjudication, or whatever, is the same ministry as the PLO. As a matter of fact, it is the same minister. I believe you will find that to be the case.

So, in fact, they weren’t phasing it out. What they were simply doing was transferring the entire sum over to the PLO, so that that payment could continue to be made. And I think we should understand that, besides the fact that the donor community is paying into the Palestinian Authority and the end result is to create a system to recruit human beings to carry out attacks and, then, serve their time and be rewarded with a stipend not just for the family, but a retirement afterwards and a job in the Palestinian Authority if it is egregious enough. These are real concerns about how we prepare people to put the foundation down for peace.

Second, I want the Europeans to know what is going on, and you are going to have the opportunity to dialog with Europe about this and other problems. As I shared with Dr. Abbas and Mr. Deutch shared as well, when we were there talking with him about the

issue of incitement, it is very, very important that the right foundation be laid for preparing future generations of young Palestinians and young Israelis to live in peace. And surely a system which tries to recruit more girls to do killing because you get an additional stipend if you are a girl or there is a stipend upon a stipend if you are an Israeli and commit an act against another Israeli—this is a very perverse creation, unbelievably perverse. And I would like your response there.

Second, how did you mean that to be taken by us at the time, by the committee, when you said they are phasing this out? Did you know that they were going to simply transfer this to the PLO, and in that sense they were phasing it off their books, but they weren't phasing it out? They were simply disguising the funding. I wanted to ask you about that.

Ms. PATTERSON. Well, thank you. Thank you, Chairman Royce.

No, I didn't know that. What I was basing that on was my own discussions with Palestinian members who said they had been phasing it out for financial and the other reasons that you discuss. And I totally agree with you that this is an egregious practice.

But let me also stress, Mr. Chairman, that I think our assistance to the Palestinian Authority does many beneficial things in maintaining security and promoting entrepreneurship and promoting better health standards and infrastructure development, and is absolutely essential for the stability in this part of the world.

So, we will continue to press them on this issue, which I entirely agree with you is an unacceptable one.

Mr. ROYCE. Ambassador, the donor community is helping the Palestinian Authority basically pay people to slay other people. So, here is my point: I want us to use our considerable leverage to end that practice. And second, I would really like the European community, in our dialog with them, to fully comprehend what is going on in this process of the inducements of paying people to get them to go out and slay other human beings. Can you do that? Can you assure us—

Ms. PATTERSON. Yes. Yes, sir.

Mr. ROYCE [continuing]. That both of those—

Ms. PATTERSON. We will certainly take that up with—

Mr. ROYCE [continuing]. Will be at the top of your agenda, conveying that? So that, when the European delegations come in, they will be asking me as well, "What are we doing as Members of Congress to end this practice?"

Ms. PATTERSON. No, we will certainly talk to our European colleagues.

There is a point, another point, I would like to make, Mr. Chairman. None of our money goes to this. It is not fungible in that respect. Our money goes essentially to pay PA Authority debts to Israel and to other creditors. So, the budget relief, the budget support that you see in the budget goes to creditors and cannot be diverted to these stipends.

Mr. ROYCE. Yes, but the reality is that the donor community is coming together internationally to fund the Palestinian Authority. Our hope had always been that this would be used for a certain type of textbooks, to actually teach kids in education, instead of how to hate; for a certain kind of broadcasting that would be inclu-

sive, that would maybe be about political tolerance and about, oh, you know, religious tolerance and laying the foundation for peace. And that, also, in terms of the prison system, it might be about rehabilitation instead of creating a system where you are encouraging additional people to go out and commit murder in order later in life to get a position of high authority in the Palestinian Authority itself.

And so, since the donor community is putting money into that pot in order, in one way or the other, to help the Palestinian people, regardless of how we perceive it, we have to use our leverage to cut this out. And now is the time to do it, and now is the time to have this dialog, because they just upped the ante basically by now paying people an additional—an additional—stipend if you commit crimes within Israel, within the borders of Israel.

I know they don't recognize borders because I asked Mr. Abbas that very question. Mr. Deutch will remember I asked him, "By the way, where is Israel on your map?" when we were discussing incitement. And he said, "Where is your map? Show me your map."

Here is the point: We, the donor community, are putting the money in. Let's make sure that it goes to the next generation of young Palestinians having an attitude of wanting to have peace, wanting to negotiate with Israelis, and wanting to do something other than wipe them off the map or slay them. And that is my point.

Ms. PATTERSON. Mr. Chairman, rest assured that this will be a subject of discussion with the rest of the donor community. We see Europeans and other donors all the time. And rest assured your points will be conveyed with our full concurrence.

Mr. ROYCE. Thank you. Thank you, Secretary Patterson.

Ms. ROS-LEHTINEN. Mr. Chairman, you are welcome to come in and crash our subcommittee anytime. [Laughter.]

Please do so more often.

Mr. ROYCE. Well, actually, I am a member of the committee, too.

Ms. ROS-LEHTINEN. Okay.

Mr. ROYCE. But I appreciate your forbearance. I appreciate the forbearance.

Ms. ROS-LEHTINEN. It is much more fun to say "crash." [Laughter.]

Are you sure you are done?

Mr. ROYCE. Yes.

Ms. ROS-LEHTINEN. Because you are fired-up. We will keep you going.

Mr. ROYCE. No, no, I yield back, Madam Chairman.

Ms. ROS-LEHTINEN. All right. Thank you.

And I will just wrap up, because everything he said, ditto.

Let me just ask a question on Morocco. Recently, U.N. Secretary General Ban Ki-moon claimed Morocco is occupying the Western Sahara, an unbelievable violation of U.N. neutrality. The U.S. is tasked with drafting the resolution that will renew the mandate of MINURSO. It is very important that the draft resolution be clean without any divisive language. Is the administration willing to work with Congress and our ally Morocco to strengthen our bilateral relationship while avoiding this mess created by Ban Ki-moon? And where does that draft resolution currently stand?

Ms. PATTERSON. Thank you, Madam Chairman.

Yes, this was a very, very unfortunate occurrence. The Secretary has been on the phone with the King and with his counterpart, Foreign Minister Mezouar. And we have tried to do everything possible to basically help them restore relations, because, again, a very unfortunate incident between the U.N. and the Government of Morocco.

Morocco is one of our strongest allies. They are a critical partner in the counterterrorism field. They have made very significant advances in governance and human rights. We very much value our relationship.

The resolution, Madam Chairman, hasn't been drafted. We are discussing that in the administration. We certainly will take your views into account, and I stress the—

Ms. ROS-LEHTINEN. What is the timeline for the resolution?

Ms. PATTERSON. The timeline for the resolution, I think we have a few more weeks. Thank you. But we will be talking with the committee.

Ms. ROS-LEHTINEN. Please keep us abreast. Thank you so much.

And thank you, Mr. Deutch, for your patience, and take as much time as you would like.

Mr. DEUTCH. Thanks very much, Madam Chairman.

Ambassador Patterson, there were a lot of stories in the media over the past couple of weeks that Congress was not in session about the administration's plans with respect to Iran, stories about giving Iran direct access to dollars or to the U.S. financial system as part of sanctions relief, the rules about indirect use of dollars from transactions with Iran as long as they didn't go through U.S. banks.

Obviously, there are real concerns that many of us on this subcommittee share about looking for ways to provide access to the U.S. financial system that is not permitted, nor should it be permitted, since it is not part of the Iran deal, or access to the dollar. So, understanding that much of this falls under the purview of your colleagues at Treasury, can you tell us anything to help clarify some of these reports, help us understand what it is we have been reading?

Ms. PATTERSON. Yes. Thank you.

Secretary Lu said to the Council on Foreign Relations—and let me repeat that and make it very clear—Iran will not have access to the American financial system. I think there was some confusion about this in the financial press.

But let me say that we do want to carry out our commitments under the JCPOA, and companies have not done business in Iran for a long time and they need to get comfortable with the prospects of this nuclear deal remaining in effect. So, our colleagues in Treasury and other agencies are talking to businesses. They come to visit us in the State Department because our sanctions policy is very complex, so we try to explain how they can do business in Iran, should they wish to do so.

But let me say that, while Iran so far has followed the letter of the agreement, they also need to send signals to the business community that they are not going to engage in provocative behavior. When, as Mr. Wilson said, Iran is sending weapons to the Houthis

in Iran and when they are helping out Hezbollah, when they are shooting off ballistic missiles, this raises concern in the business community about the safety and security of their investment. So, Iran needs to understand what a financially-successful country does, that you need to provide a safe and secure environment for businesses. So, that is also at play here.

Mr. DEUTCH. Just a couple of followups. The confusion in the financial press, has the administration—I understand what Secretary Lu has said. At a lower level has there been an engagement with that financial press to help clarify, if there were mistakes made, to help them understand, so that they could write about those as well?

Ms. PATTERSON. I think so, Mr. Deutch, because I, frankly, was in a meeting where this was discussed. And one leading financial newspaper, I think, was in the forefront of this. I think there has been outreach to sort of clear up this issue.

Mr. DEUTCH. Just before moving on, I would just point out, when we talk about Iran having lived up to its obligations under the nuclear deal, without engaging in a longer back-and-forth about this, the Security Council resolution which does lay out the obligations of Iran under the nuclear deal also includes the prohibition on ballistic missile tests. And for those of us who have real concerns about their ability to continue to test ballistic missiles and to develop ballistic missile programs, the fact that there have now been multiple tests, which clearly violate that Security Council resolution, I am appreciative of the administration's position of the sanctions that have been imposed, of the strong statements by Ambassador Power at the United Nations. I, also, though, would take this moment to suggest that, if the Security Council, despite our best efforts, will not take action in response to these violations of the Security Council resolutions, then the ballistic missile tests, which were not part of the nuclear deal, as you explained, there needs to be more done to penalize Iran. And if the international community won't do it, then the United States Congress I think has an obligation to do that, something that I know we are looking at, and I think it is important for us to move forward on.

Just quickly—I see I don't have a lot of time—we are over 5 years now. The London Donor Conference took place February 4th. The State Department announced over \$925 million in additional assistance with more than \$600 million going to lifesaving humanitarian assistance and over \$300 million in development assistance, including \$290 million for education, Jordan and Lebanon. And the budget request continues our tradition of robust humanitarian assistance.

But, Ambassador Patterson, given the unfulfilled pledges of past years, what do we do to work to ensure that the money that is pledged by others is actually received, that they actually live up to that commitment?

Ms. PATTERSON. Could I first say about the ballistic missiles, first, we are pursuing this at the U.N. We are imposing sanctions. And critically, I think, we are helping our Gulf partners increase their capacity to handle this ballistic missile problem, which they are, of course, the most vulnerable to Iran's ballistic missiles.

On the pledges on Syria, I think there has been considerable improvement in the compliance with the pledges, but it is certainly not perfect. And we are in a very constant dialog with the other donors on this to encourage them. I will get you the figures later in the afternoon.

Mr. DEUTCH. And just one very quick question, Madam Chairman. And I am sure this is a question that my staff and others on the committee could easily answer, if I had asked them, but I didn't.

Can you help those of us who—we are all so concerned about the situation in Syria and the slaughter of Syrian civilians by the Assad regime with the support of Hezbollah. The number of people killed went up in reports from month to month as reviews were conducted. The last official report, the number was 200,000, 250,000. There are some who now suggest the number is closer to a ½ million people. I have heard 350,000. Do we have a sense of what the number is? Because the fact that we are now well into the hundreds of thousands can't let us just accept that the number is so big that 200,000, 400,000—we know that Assad is terrible. We know that there is a slaughter. We know that the humanitarian impact has been so dire. It is important to recognize every one of the people, every one of his own citizens that Assad has butchered. Do we have a current number?

Ms. PATTERSON. Mr. Deutch, the number we use is somewhere between 250,000 and 300,000, which I appreciate lacks specificity. But it is hard to access some of these areas. For instance, mass graves exist. I don't think we really will know until this conflict is over.

But let me also say that that is why it is so important this cessation of hostilities holds. Violence has dropped very significantly. There are still areas of very intense conflict, but throughout most of the country violence is down. So, the most important thing we can do now with Syria is try to maintain that ceasefire in place.

Mr. DEUTCH. Thank you very much. Thank you, Madam Chairman.

Ms. ROS-LEHTINEN. Thank you, Mr. Deutch. Excellent questions. Mr. DeSantis of Florida.

Mr. DESANTIS. Ambassador Patterson, I just want to be clear. You said that Iran under the proposed changes would not have access to the U.S. financial system. Does that mean they would have no even indirect access to the U.S. dollar? In other words, would the dollar be allowed to be used to facilitate transactions between Iran and other countries?

Ms. PATTERSON. They can use the dollar offshore. I mean, they can access, if a bank in Malaysia holds dollars and trades with a bank in India, yes, they could use dollars.

Mr. DESANTIS. Okay. So, that represents a change from how those regulations have been interpreted in the past, correct?

Ms. PATTERSON. I don't believe so, sir, but I will have to check on that.

Mr. DESANTIS. Because I think there was a lot of talk about whether the administration, when the Iran deal has said no access to the financial system at all, and that was very clear, and now people are saying, "Well, it is not necessarily going to be access be-

cause the transactions may be dollarized, but no money is going to actually come into the U.S. financial system.”

But, as I understand it, there were members of the administration who said even dollarized transactions were not going to be something that was going to be permitted. And so, am I wrong about that? Have we been getting mixed signals throughout these many months?

Ms. PATTERSON. I don't know, sir. This is at an extraordinarily technical level, and I will get somebody up here who knows this subject backward and forward to talk to you.

Mr. DESANTIS. Okay. Well, we definitely want to hear that.

There have been a lot of great questions about money going to the Palestinian Authority. I know under the appropriations, as those are done annually, there is usually a requirement that the President ask for a waiver by certifying that there is a single Palestinian treasury and payroll and that the Palestinian Authority is acting to counter incitement of violence against Israelis. Have those certifications been made in the last several years?

Ms. PATTERSON. I don't know. I don't know. I don't know. Well, I will find out.

Mr. DESANTIS. Well, do you believe that the Palestinian Authority is acting to counter incitement of violence against the Israelis?

Ms. PATTERSON. This is, as you probably know, a subject of constant dialog with us and the Palestinian Authority. We have many discussions about this.

On the issue of the single payroll, I was a little surprised at that, but we have many discussions with Minister Bashar, the Minister of Finance of the Palestinian Authority. I honestly would not expect that to be a problem, but we will look into this.

Mr. DESANTIS. Because there are, I think, really, really grave questions about these families of terrorists who are getting paid. A lot of them, they end up better off, their families are better off if they commit acts of terrorism against the Israelis than if they were to just work at a normal job inside areas controlled by the Palestinian Authority.

And I listened to your back-and-forth with the chairwoman and with Chairman Royce, but I am just not clear. Is the administration going to do something to address this problem? Because it seems like we have money going over there. They may say it is with other funds that they are paying it, but money is fungible. So, we are effectively helping them do that. So, what do we do? Are we deducting the amount that we give them based on how much money they are paying families of terrorists?

Ms. PATTERSON. Well, no, sir, because we think that our program for Palestinian Authority is absolutely necessary, all elements of it, and particularly the advances they have made in development of the police and the justice system and the humanitarian relief that is going both into Gaza and the West Bank. But, as I say, we discuss this with them. We take it up with them. There are always in all these assistance programs conflicting priorities, but I would just stress how important this program is for overall stability in the region.

Mr. DESANTIS. Well, I think that if they are actually facilitating payments to families of terrorists who are killing Israelis, then we

should be deducting the amount of money, at a minimum. I mean, I would go further than that. But, I mean, at a minimum, we can't be complicit in that.

Let me ask you, there is a bill that is working its way through the House of Representatives to have the State Department categorize the Muslim Brotherhood as a foreign terrorist organization. Does the State Department have a position on that?

Ms. PATTERSON. The State Department's position, the administration's position for many long years has been that the Muslim Brotherhood is not a terrorist organization and that they denounced violence many years ago. I can't remember the exact year, but they denounced violence many years ago. They are a legitimate political party in a number of countries in the Middle East.

Mr. DESANTIS. So, you don't believe that they are involved with international terrorism, the Brotherhood?

Ms. PATTERSON. I am sure that some elements of the Muslim Brotherhood as well as many other parties are involved with terrorists, of course. There may be individual members who are involved. But, as an organization, they denounced terrorism many years ago. I haven't seen the most recent version of the legislation, so I couldn't comment on that.

Mr. DESANTIS. Well, I think that they are really a problem aspect of all this. President Sisi, you know, he views the Brotherhood as a major threat to security in Egypt.

I guess, is it the administration's view still that the Brotherhood is largely a secular political organization and less an Islamist organization?

Ms. PATTERSON. Of course it is an Islamist organization. It is based and it is the oldest of the Islamist organizations and, of course, it advocates, and did in Egypt and elsewhere, has a preference, of course, for Sharia law over what we would call typical civil law. So, of course, it is an Islamist organization.

Mr. DESANTIS. Yes, I mean, I think that their views, they do support Sharia. They have a totalitarian ideology. Certainly, the treatment of women is terrible. The treatment of religious minorities is terrible. And their tentacles really stretch. They are involved, I believe, financially in supporting violent Islamist groups, and I think that they are very much a cause for concern throughout the region.

I am out of time. I thank you guys for coming, and I yield back.

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

Mr. Cicilline?

Mr. CICILLINE. Thank you, Madam Chairman.

Ambassador Patterson, the President's budget removes Egypt's partial aid conditions, the company national security waiver, and the reporting requirement entirely. Would you describe the justification for proposing this removal of language? And do you think Egypt has made substantial progress on human rights that would warrant removal of these conditions? This is a pretty significant action.

Ms. PATTERSON. Congressman, I think you will find that the administration in all these budget documents has removed most of those restrictions because, of course, the administration, as I mentioned in my oral statement, wants the maximum flexibility to implement its programs. So, I wouldn't comment, but I will comment,

of course, Egypt's human rights situation is of great concern to us. There have certainly been reverses, significant reverses, in the past few months. So, yes, we are very concerned about that, but I wouldn't read the removal of that as a comment on the administration's view of Egypt's human rights.

Mr. CICILLINE. Well, I guess my concern is, is it read that way by the Egyptians? I mean, it may be that that is the policy of the Department, but it just seems to me, in the context of what we see happening in Egypt, it sends a very strange message at a time of increased human rights violations to remove these conditions. And so, I would just raise that because I think it is very important that that not be the message.

Would you also describe how the budget reflects resources being devoted to combat Iran's terrorist and destabilizing activities in the region? There has been a lot of conversation about the limitation of JCPOA and our expectation that we would be pushing back hard on Iran in a variety of other areas. I would like you, if you could, speak to how the budget supports responding to Iran's activities in the region. And if there is any indication of a change in Iran's behavior and, as a result, particularly in the area of human rights, has there been an increase in the imposition of sanctions for human rights violations by Iran?

Ms. PATTERSON. I think the budget supports countering Iran's influence in the region in several ways. One is to strengthen Iraq, and you notice a very substantial increase in our budget for Iraq. So, they are certainly running an influence in Iraq that we need to counter, a malign influence.

In Yemen, we have asked for a substantial amount. We also have a good pipeline with Yemen. But it is very important to get the Iranians out of Yemen and, to do that, we have to have process and, then, strengthen the government, so it can counter Iranian influence.

I might also add that we are very active with our GCC partners in strengthening their capacity through maritime, through cybersecurity, through ballistic missile defense, through improved special forces activities. They pay for most of this themselves. It isn't reflected in the budget. But we are engaged in a very active dialog. The President is going to Riyadh next week to talk to them in more detail about this.

Then, finally, sir, our Navy and Armed Forces are very active in this. There have been, for instance, four interdictions of Iranian weapons going to Yemen in the past few weeks. So, this is a very high priority for our military colleagues operating in the Gulf.

Mr. CICILLINE. And my last two questions, Ambassador. What is the status of the MOU negotiations with Israel? Are there some additional options being considered, a lot of new threats to their security?

And finally, does the budget reflect any rebuilding in Syria or is it really still focused on responding to the immediate crisis? And how are we supporting this work to ensure that the ceasefire holds? And does the budget provide some resources to do that and in what way?

Ms. PATTERSON. On the MOU with Israel, there have been a number of meetings, very intense and long meetings with the

Israelis about this. They were extremely useful in giving us a good picture of Israel's security needs. As the chairman said, they are certainly more acute over the next few years. So, we have had a lot of intensive discussions. I honestly don't know if we are going to finish this before the end of the administration because it is hard, and there are a lot of issues underway.

Let me also stress, Madam Chairman, that protection of QME is a centerpiece of this. There is no doubt that that is going to be rigorously observed. So, I don't know if we are finished. There are lots of financial implications. There are implications on sourcing of materials. But we are working hard on this. It is a very high priority for the administration.

And you asked, sir, about Syria. We have asked for additional resources for Syria. Some of it will go into rebuilding. We have a fund. We have a multinational donor fund for rebuilding. It has about \$100 million in it. That is probably going to be a drop in the bucket. But our efforts through Turkey to support the moderate opposition—for instance, we have managed to keep 30,000 civil servants and teachers and policemen employed through all this. We have given grants to local councils. We managed in some places to keep health clinics open, even in places that were overrun by ISIL. So, we have asked for an increase in Syria, and we hope that these mechanisms will provide at least some kind of baseline for rebuilding Syria.

Mr. CICILLINE. Thank you. I yield back. Thank you, Madam Chair.

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

And now, we turn to Mr. Issa.

Mr. ISSA. Thank you.

Administrator, I will start with you. As I mentioned in my opening statement, the number is staggering, but let's just look at Lebanon with 500 to 800,000. In this particular case, unlike the usual numbers in the Middle East, I think the number is probably accurate at 800,000 school-age children who are beyond Lebanon's ordinary capability to educate.

I am going to pose a minute question. My understanding is the Minister of Education, who is here in the U.S. right now, has issued a number of MOUs. As a matter of fact, it appears as though anyone who comes in saying they would like to educate these Syrians with Lebanese standards is getting an MOU. And then, my understanding is they come to you for money. Is that a fair statement, that you are getting a lot of people with proposals of how to do it, if you will just provide the dollars?

Ms. ALEXANDER. We have worked very closely with Minister Abu Saab, and we are meeting with him again this week. My colleague signed an MOU with him last week.

Mr. ISSA. That is the 42—

Ms. ALEXANDER. That is the \$41 million for the basic education program. And this program is going to address needs for first-through fourth-graders to give them access to basic education and early grade reading. This is going to affect over 100,000 or over 10,000 children.

Mr. ISSA. But it is conventional education expansion?

Ms. ALEXANDER. It is conventional education. But, at the same time, as you had asked in your opening statement as well, we are talking to the minister about verification or certification of being able to take students who have been out of school and get them back into formal education through non-formal education programs. This is a very important part because, as I stated, there are 13 million children out of school because of this crisis. Those that are in Lebanon and Jordan are both suffering. Without non-formal education, you can't have a student who left school as a 9-year-old to go back to school as a 15-year-old. They need something in between, and they need to get back into the system.

Mr. ISSA. So, how do we leverage e-learning and other abilities to provide, if you will, free, notwithstanding the delivery device, free education to people on both sides of the conflict area? I mentioned the radio one because I became aware of it. It is novel. But it is pretty much old school. Most people in the Middle East that learn English learn it by American songs. Many people who learn Arabic learn it by Arab songs. But that isn't necessarily any more productive to real education than memorizing the Quran is to producing moderates.

So, briefly—and you are welcome to follow up with me beyond this hearing—what is it we can do to sort of leapfrog the incremental dollars where \$41 million is proposed to provide you 100,000? And those are probably the easiest 100,000 because they don't include the expansion of schools and conventional brick-and-mortar, which could easily be in the many billions for what we hope is a shorter period of time. And it wouldn't address the people on the other side of the conflict line.

Ms. ALEXANDER. Thank you. I would be happy to follow up with you.

We are actually in the process right now of a co-creation with a number of organizations that do non-formal education and informal education to look at what some of the best practices are worldwide in trying to bring education to populations like this. And we would be happy to follow up with you.

Mr. ISSA. Okay. I am going to not make a suggestion that is anything more than just a thought that I have had listening to many of the groups. In the day of the internet, it would seem that today the entire curriculum necessary to provide a Baccalaureate, including teaching, should be online, hosted somewhere in the world, probably by us in the Cloud, for Arab-speakers at least in the Levant language designation area to get their degrees. It would seem like that is a question of producing the content.

Now, then, getting that delivered is a complex question of bandwidth, servers, iPads, whatever the delivery system is. But it would seem that, until USAID finds who is going to produce, if you will, a complete content that would lead to a Baccalaureate and get the Lebanese and other Arab countries to buy into the idea that this is moderate, educational, and doable, we don't yet, then, have the distribution.

And I appreciate you keeping teachers working, but I don't think we can produce enough teachers ever and paper to deal with this in a way that is going to address the young man or woman who is working 14 hours a day and only got a fourth grade education

and will never get more education until we come up with an alternate delivery plan.

Madam Chair, since I appear to be the last, would you mind if I go a little longer?

Ms. ROS-LEHTINEN. No. Please do.

Mr. ISSA. Thank you.

Ambassador, I am going to switch to you. I mentioned the multinational force, and I think I was fairly bold in echoing, to be honest, The Washington Post and others who have recognized that we have a substantial investment there of people who are daily often being shelled, who are in harm's way, for a mission that is now, from your own experience in Egypt, is now by anyone's reasonable expectations no longer the mission they were placed there for in the late 1970s.

What would you say, recognizing that you can't speak for the whole administration, to that basic concept that their obligation is to peace in the region and not necessarily to counting heads at borders?

Ms. PATTERSON. Mr. Issa, we are, as you probably know, concerned about some of the same issues that you have raised, particularly about the safety of American and other—

Mr. ISSA. And our allied partners.

Ms. PATTERSON [continuing]. And our allies, the Colombians, the Fijians, the others that work with us there—

Mr. ISSA. The Czech?

Ms. PATTERSON [continuing]. Who have bravely for many years. So, we are discussing a reconfiguration plan that would reduce the risk to our personnel and still maintain the necessary monitoring through better technology and other instruments that have evolved over the past few decades.

I think the Israelis and Egyptians may not quite see it that way, that the mandate is outmoded. And there were, in fact, when I was there, some events that required sort of the traditional role of MFO to take care of.

But I thought your idea was an interesting one. I think it is contrary to sort of the mandate of MFO, that it would stay there as a peacekeeper, but I think it is an interesting idea. Let me say that.

Mr. ISSA. Okay. Well, in closing, I love interesting ideas. When Congressman Farenthold and I went there now more than a year ago and looked at where rounds had landed, met with the explosive ordnance disposal team, looked at the threat, recognized the active engagement by the Egyptians, active both in the air and ground of the newly-formed, if you will, or new partnership of ISIS in the Sinai, it became obvious that we were currently not participating. And yet, we were there and we were, obviously, being attacked by ISIS.

So, I guess as we look at the interesting idea, I would only ask that, if not something similar to the direction that I was suggesting that Secretary Kerry and the administration might be able to convince—and I am happy to go there. I am, fortunately, very well-received on both sides of the Sinai. For the fact that we can do more if we have a will to do it and if they are willing to let us do it, but if we do just what we are doing, we are, in fact, sitting there

inevitably waiting to lose brave peacekeepers for something which, quite frankly, is unlikely to happen.

As you know, the Egyptians are not likely to mount an offensive across the border, and the Israelis are not in particular peril, that that would occur. That doesn't change the fact that they don't want us to leave, but I do think they want us to do more, if we can, and do it in cooperation with both countries. So, I leave that with you because I have no greater message from that trip than the status quo would seem to be less than we should do.

Ms. PATTERSON. Mr. Issa, let me say, we entirely agree with you about the status quo. This is, frankly, unsustainable. And since you were there a year ago, the security situation has deteriorated. So, a mandate that needs modernization I think is fair to say and a force configuration that needs a reassessment to minimize risk, if nothing else. As you know, security cooperation between the Israelis and the Egyptians, particularly in the Sinai, has never been better.

Mr. ISSA. Yes, we got to witness that. Madam Chair, that was the good part of that visit, that the relationship between the current Government of Egypt and the current Government of Israel is one with common enemies of both the ISIS in the Sinai and, of course, Hamas, both of which are know terrorist organizations.

I would close by saying I am equally concerned that the Muslim Brotherhood is a political organization with a strong bent against the type of freedom that America stands for. And if we cannot determine them to be a terrorist organization in this body, we certainly have to recognize that they showed their true colors during their short time heading Egyptian Government. And to the Coptic community and others that people on the dais talked about, I think it goes without saying that America must take a stand against the activities of the Muslim Brotherhood, both as a political organization and as what I believe to be a terrorist wing.

And so, Madam Chair, thank you so much for the indulgence.

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

They are a terrorist group. It is "The Emperor has no clothes," but if we don't want to see it, it doesn't mean that he is, nonetheless, naked.

And I wanted to ask just one question. Even though Mr. Deutch is not here, he has allowed me to do this, so I am not speaking out of school.

All of us in our subcommittee, we are very interested in keeping the Iraqi Jewish Archives operating here in the United States because many people want to see these historical artifacts, and it would find a good home here. We understand that perhaps they will eventually go back to Iraq. But have any of the 3,500 items, do you know if they have been returned to Iraq and, if so, how many, if you could let us know? And have we been able to secure the Iraqi Jewish Archives going to other museums, other exhibition sites?

I had talked to Brett McGurk and he assured me that State was working with NARA to identify venues where the archives could go. And we are willing to work with the State Department to see how we can be of help to making sure that these very important arti-

facts of the Iraqi Jewish Archives stay safe and in a place where people can see them.

They were there in my District in Miami Beach, the FIU Jewish Museum. And what a great turnout. So, people are interested. They want to see them and this is a great place for them here in the United States where people can admire them. Maybe in Iraq they are not as appreciated. We are willing to have it go back, but once they do the whole tour. I want to be a roadie for that tour.

Ms. PATTERSON. Thank you, Madam Chair. I will get back to you on that. I think that that is right; they were on a trip around the United States to suitable museums. And at some point they would go back to Iraq under proper security and appreciation for their historic value. But let me get back to you on exactly where they are now.

Ms. ROS-LEHTINEN. I would love that. Thank you very much.

With that, our subcommittee is adjourned.

[Whereupon, at 1:02 p.m., the subcommittee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE RECORD

**SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128**

**Subcommittee on the Middle East and North Africa
Heana Ros-Lehtinen (R-FL), Chairman**

April 6, 2016

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on the Middle East and North Africa in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, April 13, 2016

TIME: 11:30 a.m.

SUBJECT: Assessing President Obama's Middle East and North Africa FY2017 Budget Request

WITNESSES: The Honorable Anne W. Patterson
Assistant Secretary
Bureau of Near Eastern Affairs
U.S. Department of State

The Honorable Paige Alexander
Assistant Administrator
Bureau for the Middle East
U.S. Agency for International Development

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON the Middle East and North Africa HEARING

Day Wednesday Date April 13, 2016 Room 2172

Starting Time 11:34 a.m. Ending Time 1:02 p.m.

Recesses 0 (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Chairman Ros-Lehtinen

Check all of the following that apply:

Open Session

Electronically Recorded (taped)

Executive (closed) Session

Stenographic Record

Televised

TITLE OF HEARING:

Assessing President Obama's Middle East and North Africa FY 2017 Budget Request

SUBCOMMITTEE MEMBERS PRESENT:

Chairman Ros-Lehtinen, Reps. Chabot, Wilson, Issa, Weber, DeSantis, Clawson, Trott, Zeldin, Deutch, Connolly, Cicilline, and Frankel

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

Chairman Royce

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

Mr. Connolly

TIME SCHEDULED TO RECONVENE _____

or
TIME ADJOURNED 1:02 p.m.


Subcommittee Staff Director

Statement for the Record*Submitted by Mr. Connolly of Virginia*

The Middle East and North Africa region is aflame with conflict and turmoil. From Libya to Yemen to Syria, civil wars are raging, terrorist organizations are securing territorial gains, brutal regimes are suppressing dissent, civilian populations are suffering from a lack of access to humanitarian aid, and the mass migration of refugees is overwhelming vulnerable states. The region poses a challenge to U.S. security interests that is enormous in both its breadth and complexity.

Conventional wisdom is that as security threats proliferate abroad that the U.S. must increase investments in military assets in order to defeat our enemies and protect the security of the U.S. and our allies. While a strong and well-resourced U.S. military is certainly a vital tool in our security toolbox, we cannot ignore the increasingly important role diplomacy and development play in meeting our most pressing security challenges and demonstrating American leadership in global affairs.

The Joint Comprehensive Plan of Action (JCPOA), the Syrian peace process in Geneva, and the relief and reconstruction efforts in Iraq and Afghanistan are diverse examples of the diplomatic and development endeavors the U.S. and international community have turned to avoid the “kinetic” option.

Recently, Senators Lindsey Graham and John McCain have joined the chorus of foreign policy voices calling for an ambitious diplomatic and development initiative to meet the historic challenges facing MENA—a Marshall Plan for the Middle East. While the imperative for a once in a generation overseas investment is clear to many, there are significant self-inflicted hurdles that our foreign operations apparatus would need to overcome to coalesce the support and confidence necessary to make an investment on this scale.

The administration of assistance to Egypt over the last several years provides an illustrative example of the challenges such an effort would face. Like Egypt, significant swaths of the region are conflict zones and many regional partners lack democratic governance. The funding, oversight, and allocation of U.S. assistance to Egypt pose many doubts about efficacy. Any significant increase of funding for MENA would be subject to similar concerns.

The 2013 coup of a democratically elected government, the lack of any democratic transition occurring in Egypt, and the persecution of peaceful dissenters and the press have warranted restrictions on our security assistance to Egypt. Congress has raised concerns about the trajectory of Egyptian democracy and repeatedly put limiting conditions on U.S. assistance in the Consolidated Appropriations bills for FY2014 and FY2015. Current law restricts 15 percent of military aid to Egypt contingent upon protections for human rights. Additionally, there remain significant concerns that human rights vetting standards are not being met for the security assistance that is being delivered. Finally, the Government Accountability Office, in a report Chairman Ros-Lehtinen and I requested, identified significant sums of

Economic Support Funds as unspent due to the lack of cooperative partners in Egypt. That sum is reportedly now more than \$700 million.

This example is provided not to discredit the merit of a Marshall Plan for the Middle East. However, it does demonstrate that we are already facing significant challenges providing assistance to even longstanding partners in the region, and if the scale of this problem is ever going to receive a commensurately sized relief and reconstruction investment, the agencies implementing our aid and development programs must start improving adherence to existing transparency and accountability standards.

I look forward to hearing from our witnesses regarding the ways in which we are addressing these assistance issues in Egypt and other countries with similarly difficult operating environments. Also, there are regional success stories, and I welcome a discussion regarding successful programs in a country like Tunisia that might inform our efforts to operate effectively in MENA.

Serious, credible, and ambitious diplomacy can direct immense amounts of energy at the world's most intractable challenges, and development investments have proven capable of unleashing economic growth and promoting stability. Together diplomacy and development do keep us safe, and we should seek to ensure their efficacy.

**Questions for the Record Submitted to
Assistant Secretary Anne Patterson
Representative Ileana Ros-Lehtinen
House Committee on Foreign Affairs
April 14, 2016**

Question:

How much money has the State Department allocated for chemical, biological, radiological, and nuclear (CBRN) defense equipment, training, and assistance for the Kurdish Peshmerga forces in Iraq's Kurdistan region?

Answer:

The Department has provided assistance to counter the CBRN threat in Iraq for many years. The Department works closely with civilian ministries in Iraq to mitigate CBRN threats, including those threats specific to Da'esh's known pursuit of chemical weapons. Since 2012, the Department's Global Threat Reduction (GTR) Program, which is funded through the Nonproliferation, Antiterrorism, Demining, and Related Programs account, has dedicated over \$70 million to support Iraqi ministries in countering Weapons of Mass Destruction proliferation in Iraq. In FY 2015 alone, the Department provided more than \$19 million to Iraq through the GTR program.

Recognizing the specific threat posed by Da'esh using chemical weapons against Peshmerga and other Iraqi security forces, the Department is partnering with the Department of Defense to enhance these forces' ability to counter the CBRN threat. To facilitate the provision of assistance from the GTR program, Assistant Secretary Thomas Countryman met with senior Iraqi officials in Baghdad in April 2016, where they provided him a prioritized list of CBRN equipment and training needs for all Government of Iraq ministries, including the Kurdish Peshmerga. The Department is now working closely with the Department of Defense to provide as many of the requested items as possible.

Question:

How does the State Department ensure the delivery of these chemical, biological, radiological, and nuclear (CBRN) capabilities to the Peshmerga?

Answer:

The United States government has an established process to ensure that all of our assistance reaches its intended recipients. For CBRN assistance to the Peshmerga, the Department will coordinate with Department of Defense (DoD) to ensure that the established chain of custody procedures are followed and that the assistance prioritized by the government of Iraq for the Peshmerga reaches those forces.

More specifically, DoD deliveries to the Ministry of Peshmerga Affairs are tracked from origin to delivery by the U.S. government. U.S. equipment deliveries clear customs at Baghdad

Diplomatic Support Center (BDSC). Only two Iraqi customs are allowed to enter the aircraft, and are escorted by U.S. military personnel. GOI inspectors conduct the escorted inspection, exit, and the aircraft proceeds to Erbil. On arrival in Erbil, the U.S. Forward Support Element inventories and transfers the deliveries to the Ministry of Peshmerga Affairs.

Question:

Since we are paying off PA debt, we should get access to its accounting. When was the last time the PA has posted its finances publicly? When was the last time the U.S. has conducted or authorized an audit of the use of our bilateral assistance to the PA? Does the PA funnel money to the PLO directly, or indirectly through the Palestine National Fund?

Answer:

The Palestinian Authority's (PA) fiscal year (FY) 2016 budget was published on January 10, 2016, and the FY 2015 enacted budget was published in October 2015. Information on PA debt obligations is publicly available in a monthly bulletin on the Ministry of Finance website. The PA reviews budget execution through the course of the year and makes budget execution reports publicly available on the Ministry of Finance website.

All U.S. assistance for the West Bank and Gaza is delivered through U.S., international, and locally-vetted implementing partners. Bilateral economic assistance administered by USAID is audited annually. In recent years, the United States has not provided budget support directly to the PA. Instead, we have used assistance funding to partially satisfy debts the PA owed to two sets of creditors: Israeli fuel companies and East Jerusalem hospitals. USAID audits payments as well, in order to ensure both the validity of the debt at the PA Ministry of Finance, and also that payment of the debt is correctly received and recorded.

A Government Accountability Office (GAO) report published in April 2016 examined the extent to which USAID had established antiterrorism policies and procedures for program assistance for the West Bank and Gaza, and USAID's compliance with requirements for vetting, antiterrorism certification, and mandatory provisions for program assistance for fiscal years 2012–2014. The report found that USAID was in general compliance with these requirements, and GAO made no recommendations in its report. Another GAO report published in September 2015 focused specifically on budget support to the PA and found that USAID complied with key requirements included in annual appropriations acts and with its antiterrorism policies and procedures for providing budget support to the PA. The GAO again made no recommendations in this report.

According to figures published by the PA Ministry of Finance, the PA transferred \$206 million to the PLO in 2015. Transfers from the PA to the PLO occur through the Palestinian National Fund.

Question:

Brett McGurk assured me that State was working with NARA to identify additional venues for the Iraqi Jewish Archives exhibit to continue its run in the United States. I want to make it clear that these treasures are sole property of the Iraqi Jewish community – not the government of

Iraq or the United States. Have any of the 3,500 items of the Jewish Archives been returned to Iraq, and if so, how many and why? Have State and NARA been able to secure the exhibit at other sites in the U.S.? If efforts to secure further exhibits have failed, is the administration planning on sending part or any of the Iraqi Jewish Archives back to Iraq, and if so, when?

Answer:

Of significant importance to the Department of State, since 2003 the Department has provided \$3.5 million to the National Archives and Records Administration (NARA) for the preservation and restoration of the more than 3,500 items that are collectively referred to as the Iraqi Jewish Archive (IJA). Beginning in 2013, a number of IJA items have gone on display at museums and archives around the United States. This exhibit, "Discovery and Recovery: Preserving Iraqi Jewish Heritage," just closed at the Jewish Museum of Florida-Florida International University (FIU). The exhibit includes approximately 23 items, which are representative of the larger IJA collection. All other IJA items remained at NARA with one exception. Included among the overall collection had been 50 fragments of Torah and Book of Esther scrolls, which were damaged beyond repair and, with the approval and support of the Government of Iraq, were buried in keeping with Jewish tradition in December 2013 in New York.

Miami was the fifth city to host the exhibit in the United States. When the exhibit closed in early March, the display items were returned to NARA for temporary maintenance and item substitutions, as appropriate. The Department continues to work with NARA to identify additional U.S. venues for the exhibit, thereby allowing the exhibit to continue to inform the American people about the cultural and religious diversity of Iraq, and to highlight the important history of the Jewish community in Iraq. So far, no items from the IJA collection have been returned to Iraq, and we have not determined a timeline to begin returning these items.]

We are grateful to the Government of Iraq for its willingness to share this exhibit with us, and proud to do our part to protect this important aspect of Iraqi history, particularly at this time when ISIL continues to engage in the targeted destruction of antiquities in Iraq. We believe that this exhibit will continue to serve as a model of cooperation between American and Iraqi museums in the future.

Question:

In a 2015 report, GAO found that State had not completed a required evaluation of the more than \$1.3 billion in security assistance provided to Egypt annually. State reported that it was working to develop a template that could be used to evaluate security assistance to Egypt and elsewhere. What is the status of this effort? Has State completed the required evaluation of U.S. security assistance to Egypt, if not, why not?

Answer:

The Department's evaluation policy provides broad guidance about the conduct of and standards for evaluations of assistance and establishes minimum Bureau evaluation requirements. The policy also provides considerable flexibility in the implementation of

evaluation activities within the Department. This flexibility is necessary due to the number and scope of foreign assistance programs implemented by the U.S. government around the world.

State's Bureau of Political-Military Affairs (PM) has initiated a program for developing and implementing a monitoring and evaluation (M&E) activity designed to improve the overall effectiveness of the foreign military financing (FMF) and international military and education (IMET) programs. Since November 2015, PM has had a team in place working on M&E issues in support of these programs, including the development of an implementation framework and logic models that will inform FMF and IMET evaluations at the country level. The team is presently working to identify a narrow set of countries to begin pilot testing for targeted performance evaluations, in order to assess the feasibility and usability of the evaluation frameworks and their ability to produce useful analysis. Given the size and diversity of our security assistance programs in Egypt, the country will not likely meet the selection criteria for pilot testing. However, the Department recognizes that our security assistance program in Egypt warrants a careful and objective review, and we are endeavoring to conduct an evaluation as soon as practicable.

Question:

Could you please provide this administration's definition of "one-sided" when it states that it will veto any one-sided resolution against Israel at the UN Security Council? Is it the policy of the administration that it will not introduce or support, and will veto any resolution at the UN Security Council that imposes a two-state solution on Israel or that offers an artificial timeline and deadline for negotiations?

Answer:

The United States has consistently opposed one-sided actions that delegitimize Israel or undermine its security, including at the United Nations, and we will continue to do so.

In most cases of unfair and unbalanced texts introduced in the Security Council, we have been able to advocate successfully for the U.S. position during negotiations and, if necessary, form a coalition of like-minded countries to stop such resolutions from moving forward.

We remain firmly committed to supporting efforts to achieve a negotiated two-state solution. We are very concerned about the terrorism, violence, and trends on the ground, and we continue to work to advance the interest we all share in bringing about a lasting peace between the Israelis and Palestinians.

Chairman Ros-Lehtinen
Questions For the Record Assistant Administrator Alexander
HFAC MENA Hearing
4-13-2016

1) Assistant Administrator Alexander, the President's budget request for FY 2017 for Egypt includes \$150 million in ESF. Yet there is an existing pipeline of previous years' unobligated funds for Egypt in the neighborhood of \$500-\$700 million. What is the current amount and status of that backlog? Why is it so difficult to program this money, and why, when such a backlog exists, does the administration continue to seek additional funds to support programs when it can't even get this backlog out the door?

The Economic Support Fund (ESF) pipeline of funds obligated but not yet expended was \$675 million as of March 31, 2016. It consists of obligations into bilateral assistance agreements with the Government of Egypt (\$504 million), direct grants (\$11.4 million), and obligations made for the Egyptian American Enterprise Fund (EAEF) (\$159.5 million).

In addition, another \$7 million in prior fiscal year recoveries are available for programming, and are hard earmarked for Egypt.

The size of this pipeline is largely a result of political upheavals in Egypt over the last five years, which impeded and at times halted implementation of assistance activities. As an example, approximately \$268 million of FY 2012 and FY 2013 ESF were obligated in bilateral agreements in September 2014 and another \$133.5 million of FY 2014 ESF was obligated in bilateral agreements in September 2015. USAID is actively programming these funds through standard US Government procedures for awarding contracts, grants and other instruments. Implementation of these processes takes time. For example, USAID's average lead time to compete and sign a new contract is approximately 9 months; the equivalent period of time for a new grant is approximately 5 months. Contracts and grants are the primary means by which USAID/Egypt expends funds.

Additionally, once contracts and grants are awarded, it takes time to expend funds. USAID/Egypt has many active instruments, particularly for technical assistance and scholarship activities, which comprise 89 percent of the unexpended pipeline. The pipeline attributable to scholarship activities is particularly important to maintain in order to ensure students that have begun educational programs funded by the USG have the funding available to complete their programs.

Over the past year, some implementing partners selected by USAID have encountered increased difficulties in obtaining administrative approvals and registration from the Egyptian government to implement activities in Egypt, which has contributed to the pipeline. We are working with the Egyptian government to address these problems and look forward to working with Congress as we move forward.

No FY 2015 or FY 2016 ESF has yet been obligated for Egypt as we continue to review our assistance objectives in Egypt.

Should we be successful in overcoming the current challenges, FY 2017 assistance will be crucial to addressing Egypt's pressing development challenges, including: developing small and medium enterprises to create jobs, improving access to potable water and sanitation, enhancing government service delivery and transparency, and increasing the employability of young Egyptians.

2) Are you considering shifting some of the existing, unobligated funds elsewhere to countries like Tunisia, where the environment may be a bit more permissive at the moment?

All of the \$675 million of the Economic Support Fund pipeline for Egypt is currently obligated and thus unavailable for reprogramming in other countries. Additionally, there are approximately \$7 million in prior fiscal year recoveries that are hard earmarked for Egypt and therefore cannot be used elsewhere.

We are working with the Egyptian government to address problems with obtaining Government of Egypt cooperation on administrative approvals and registration for implementing partners seeking to implement USAID/Egypt activities. We continue to evaluate our programs, priorities, and engagement in Egypt throughout this process.

With respect to unobligated funding – the FY 2015 ESF appropriated level of \$150 million – we intend to consult with Congress on our plans for new obligations, especially in light of the problems with administrative approvals and pipelines. Our intention is to shortly begin processing Congressional Notifications on the proposed use of FY 2015 funds.