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House Foreign Affairs Committee
Middle East and North Africa Subcommittee

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

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

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

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

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

Supporting U.S. National Security Objectives

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

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

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

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

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

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

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

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

Mitigating the Human Impact of Ongoing Conflicts

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

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

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

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

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

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

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

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

Fostering Economic Development and Reform

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

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

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

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

Effectiveness and Accountability

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

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

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

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

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

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

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

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

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

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

Conclusion

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

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