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“U.S. Interests in the Middle East and the FY20 Budget”
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Chairman Deutch, Ranking Member Wilson, and distinguished members of the subcommittee. Thank you for the opportunity to testify today on the important role of the U.S. Agency for International Development (USAID) in advancing U.S. interests in the Middle East and North Africa. It is an honor to be here with Assistant Secretary David Schenker, to represent Administrator Mark Green and the professionals of USAID who work every day to advance U.S. national security, demonstrate American generosity, and promote self-reliance and resilience in our partner countries.

The Middle East and North Africa present one of the most complex and high-stakes development contexts in the world. The region faces interrelated challenges of conflict, instability, unemployment, and a lack of responsive and inclusive systems. We at USAID frequently find ourselves operating stabilization and longer-term development programs in the same countries where our colleagues from our Offices of U.S. Foreign Disaster Assistance and Food for Peace are providing immediate, life-saving humanitarian assistance.

USAID recognizes that most of the countries in the region are middle-income, with young populations whose energy, education and inspiration can be tapped to help make their communities self-reliant. We believe the region can be an example of what Administrator Mark Green envisions in the Journey to Self-Reliance. With well-planned and targeted investments by USAID and other donors, the large youth demographic in the region can advance democracy and drive inclusive growth in modern, free-market economies.

In line with Administration priorities, the President’s \$1.3 billion Budget Request for Fiscal Year (FY) 2020 for the Middle East and North Africa (MENA) is designed to work toward achieving our regional goals of enhancing security, promoting economic growth, improving democratic processes, and supporting vulnerable religious and ethnic minorities. USAID’s Middle East Bureau focuses on supporting our friends and allies and steadily working toward strategic transitions away from foreign assistance in partner countries. Helping governments, civil society, and the private sector in the Middle East and North Africa build self-reliance is a key part of the broader U.S. effort to counter malign influences, particularly from countries such as Iran, China, and Russia, and make the case for American values in a renewed global power competition.

Promoting the United States Model

This budget request will enable us to elevate our work to counter malign influences, particularly from Iran and its proxies, through governance programming to improve institutional checks and

balances as well as the delivery of basic social services, increase citizen participation, oversight, and public accountability. For instance, we are supporting the Iraqi Government's initiative to improve its fiscal management and service delivery and strengthen the monitoring and oversight of these services and overall public expenditure to build public confidence and avoid dependency. Promoting Iraq's sovereignty is an effective way to counter Iranian influence.

Earlier this month, Administrator Green announced that the first six direct awards in his New Partnership Initiative are going to local organizations that are working with ethnic and religious communities targeted for genocide in Northern Iraq. We make it a priority to support local organizations and expand our partner base, and the FY 2020 Budget Request will bolster these efforts.

Our support for ethnic and religious minorities is not limited to Northern Iraq. Through a requested \$150 million investment to support vulnerable religious and ethnic-minority groups throughout the Middle East and beyond, the U.S. Government will work to help ensure these communities can remain in their historical homelands, are included in national and local decisions on governance and the economy, and have access to basic social services and economic opportunities to rebuild and thrive as crucial components of their larger societies.

Consistent with the Administration's policy, we promote American values every day as we work closely with our partners to provide a viable, inclusive model for free-market development and citizen-responsive governance that contrasts starkly with those of our global power competitors.

Supporting U.S. Interests

Citizen responsive governance and economic opportunity lead to stable and prosperous societies -- which, in turn, create good security and trading partners. Modernizing economies will accelerate economic growth and creating jobs - that is why our USAID Missions in Egypt and North Africa are working to leverage our economic-growth programs and find opportunities to accelerate trade and investment in support of the whole-of-Government Prosper Africa initiative.

USAID will increasingly engage with the private sector to address the thorny economic challenges in the Middle East and North Africa, which include elevated youth unemployment, barriers to trade, and low access to finance (particularly for small- and medium-sized enterprises), energy, health, and education.

We have capitalized two U.S. Government-endowed investment funds to support private-sector development in Republic of Egypt and the Republic of Tunisia. In addition, USAID's Middle East North Africa Investment Initiative works with the private sector on funds in Iraq, Lebanon, the Hashemite Kingdom of Jordan, and the Kingdom of Morocco that target early-stage and start-up companies. We are encouraged by the success of these funds, and are examining what lessons we can learn from their experiences to date, to assess the degree they can serve as a model for additional investment instruments -- including for the International Development Finance Corporation and by other donors that can share the funding burden -- in other parts of the Middle East, and beyond.

Jordan

In Jordan, where our partnership goes back almost 70 years, USAID works across sectors to harness the economic potential of the next generation. We work with the Government of Jordan and the private sector to provide on-the-job training and employment to youth in sectors where they have the most need. We expand internships, training programs, and employment opportunities in promising sectors like hospitality, water, and civil society so young people can gain practical skills for the workplace and join in Jordan's economic growth and prosperity.

Lebanon

Lebanon remains a strategic priority for the United States, and we view recent protests as a reflection of the Lebanese people's desire for economic reform and political accountability. The President's Budget Request for FY 2020 prioritizes programs that address economic and political challenges and promote a strong governance alternative to more authoritarian models. Our programs address development needs across the country, including in communities that are hosting large numbers of Syrian refugees, an influx that has especially strained public social services. We continue to be concerned by Iran's malign influence over Lebanon, especially its support for Hezbollah, which is undermining the Lebanese Government from within.

Egypt

Egypt is another example of how USAID is working in partnership with governments, civil society and the private sector in the Middle East on their Journey to Self-Reliance. If you have had a chance to look at our Roadmaps, you know we plot a chart with measurements of a country's COMMITMENT to the development journey, as well as the CAPACITY to stand on its own. Based on the Government's COMMITMENT to transformational development, USAID helped lay the groundwork for improvements on the CAPACITY side: from supporting essential social services like water and sewage to working with Egyptian partners to build the backbone of a modern free-market economy.

I am proud of USAID's efforts to develop early-grade reading and high-school science, technology, engineering, and math programs. But the greater achievement was building the Egyptian Government's capacity to better manage its education programs, so it could expand our pilot programs to schools across the country.

Preparing young people for jobs that do not exist does not achieve our goals. That is why we are working so closely with the private sector in Egypt and elsewhere in the Middle East - to make sure we build the human CAPACITY needed for a prosperous, modern, inclusive, free-market economy. We recently witnessed the graduation of the first 55 students from a logistics course co-designed with the private sector in the Suez Canal Corridor. We not only handed out diplomas - we were also able to hand each one of the 55 graduates an employment contract.

Tunisia

In Tunisia, with the support of Congress and in particular this Subcommittee, USAID has been supporting the Tunisian people in their push for citizen-responsive democratic governance and inclusive growth since the 2011 revolution.

The country just completed an impressive series of Presidential and Parliamentary elections, assessed by domestic and international observers as conducted effectively and orderly by an

independent electoral body. Though not without some challenges, the process included the airing of live political debates, domestic observation by thousands of citizens to ensure the integrity of the polls, and a Tunisian electorate that treated the elections with enthusiasm and respect.

USAID's projects played an important role in helping the Tunisian Government to expand voter rolls dramatically, conduct civic and voter-education campaigns, and monitor the vote. These elections marked an important milestone for the Tunisian people on their path toward democratic consolidation.

We passed two important milestones in August that demonstrate the maturity of our program and partnership with the Government of Tunisia: Establishing a full USAID Mission and signing of a new, five-year Development Objective Agreement with the Government of Tunisia. This is the first-ever comprehensive bilateral development agreement between our two countries, and it outlines the long-term U.S. commitment to ensure the success of Tunisia's democratic transition and accelerate its economic-reform agenda. These steps position us to build on our successes and focus future programs.

Behind all of USAID's work are stories of real people whose lives our investments are transforming for the better. While in Tunisia, I traveled to Kairouan in the interior of the country, where I had the pleasure of visiting two USAID-funded businesses, one of which entirely owned and operated by women, and which produced botanical-oil beauty products. I was able to see how our programs improved their operations, unlocked new business, and created a demand for more workers. I also had the honor of joining local government officials to commemorate the grand opening of a renovated community park, identified as a key investment by the neighborhood, which USAID's local governance program funded. More important than the park is the participatory process that fostered Tunisian citizens' public trust in their local government and opened a channel of communication and participation that we hope to continue to deepen between elected officials and their constituents.

West Bank and Gaza

Although USAID's assistance in the West Bank and Gaza ceased earlier this year, USAID continues to implement conflict management and mitigation grants with Jewish and Arab participants from Israel. We have begun to take steps to reduce our staffing footprint of our Mission for the West Bank and Gaza to align with current funding realities, but we have not closed the Mission. We stand ready to develop appropriate programming under the Diplomatic Progress Fund proposed with the President's Budget Request for FY 2020 as needed to support a comprehensive and lasting Middle East peace.

Burden Sharing

The Administration's foreign-assistance Budget Request for FY 2020 prioritizes investments matched by host-country commitments, and encourages international partners to share the burden of economic and development assistance. Every USAID Mission in the Middle East and North Africa is committed to working with other international donors, as well as governments, civil society, the private sector and host communities toward the goal of self-reliance.

Syria is one example where burden-sharing has been important for our stabilization work. While it is important to recognize that our programs are currently adjusting to new policy directives, over the past several years, USAID has awarded and managed programs that restored water and electricity to hundreds of thousands of Syrians in and around Raqqa, helped revitalize agriculture and rehabilitated canals and bridges. But, in the last year U.S. taxpayers have not funded these activities- they have used money generated from Coalition partners, including the Kingdom of Saudi Arabia, the United Arab Emirates, and the Federal Republic of Germany. The United States is also an original member of the multi-donor, \$260 million, Syria Recovery Trust Fund (SRTF), which is operating over 35 projects in health, food security, water, electricity, agriculture, and waste management. Even before the current situation, we recognized that stabilization in Northeast Syria will require more than one country can provide - and in which more countries than the United States hold a vested interest. The President's Budget Request for FY 2020 includes resources under the Relief and Recovery Fund for unanticipated contingencies that arise in fragile states, including Syria.

We are pursuing burden sharing vigorously and have examples of cooperation with private sector and international donors in every country in the Middle East where USAID has programs. In Tunisia, a crucial entrepreneurship program is successful because of a partnership with Hewlett Packard, the Government of Italy and a Tunisian Ministry. In Northern Iraq, we are coordinating assistance under Memoranda of Understanding with the Governments of Hungary and Poland and the Knights of Columbus, and leveraging our presence and assistance to generate private-sector interest in funding projects. In Morocco, we are co-funding programs with the United Kingdom to help provide options for your people to prevent their possible radicalization to violent extremism. These programs are designed to avoid creating dependencies, while building countries' capacities for their journey to self-reliance.

Conclusion

At the core of the Administration's Budget Request for FY 2020 is the guiding principle that we must use taxpayer dollars wisely, and that stable prosperous countries make good trade and security partners. Administrator Green and the professionals at USAID believe we use assistance wisely when we are working to help governments, civil society and the private sector in our partner countries become self-reliant, when they move from being beneficiaries of international assistance to donors that help advance the stability and prosperity of others. We maintain a commitment to produce successful, measurable, outcomes to make programs more effective and create resilience to lessen the need for humanitarian assistance.

Our humanitarian-assistance, stabilization, and development programs are critical to helping the region get beyond its current challenges. We are increasingly working to ensure that our various programming streams support one another, and that we design and manage them jointly.

USAID will continue to put U.S. interests first and be a beacon of freedom to the world. With the support of Congress, and through the strategic, efficient use of resources, my colleagues in USAID Missions and Offices here and around the region will continue to present the best of the American people to the Middle East and North Africa. We appreciate the bipartisan support we receive from Congress, and I look forward to your questions at this hearing, or at any time.