

Testimony
Before the House Foreign Affairs Committee
Subcommittee on the Middle East and North Africa
U.S. Policy Toward Lebanon
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Chairman Ros-Lehtinen, Ranking Member Deutch, distinguished members of the Subcommittee, thank you for the opportunity to discuss USAID assistance to Lebanon.

Lebanon remains a high priority for the United States. Since 2006, with the support of Congress, the United States has provided approximately \$1.2 billion in economic assistance to the Lebanese people. Together with USAID's technical expertise, these funds have played a critical role in promoting Lebanon's stability and security through programs focused on good governance, advancing access to education and clean water, and supporting social cohesion.

As Deputy Assistant Secretary Ratney outlined, Lebanon is facing many challenges. The spillover from the Syria crisis has weakened the Lebanese economy, and put excessive pressure on the delivery of services. Many schools are overcrowded, food prices have escalated, and basic health delivery services are overwhelmed. Power, water and sanitation services do not meet the people's needs, and tensions between Lebanese host communities and the Syrian refugee population have intensified. Investment and trade with neighbors has slowed; tourism is down sharply from 2010; and unemployment has nearly doubled since 2012.

In the context of these challenges, I would like to talk briefly about how USAID's programming is helping local partners deliver services across Lebanon, supporting Lebanon's private sector, and enhancing inclusive economic growth. Strong local Lebanese communities empower the Lebanese people, and can serve as an alternative to extremist elements.

Current programming

USAID is improving Lebanon's economic stability and providing income-generating opportunities for small business and creating jobs for the rural population, women, and youth. To strengthen small- and medium-sized businesses, USAID partners are helping Lebanese businesses identify and expand their access to markets, link them with buyers, and help them access finance.

One program I would like to highlight is the Middle East North Africa Investment Initiative, which supports business start-ups in developing more effective products, technologies, and ideas - these are the Lebanese entrepreneurs who are pushing Lebanon forward. Among them is Soumaya Merhi (Soo-my-ya Mear-hee), a 28-year-old woman who studied food economics in Montreal and returned home to open a 400-square-meter food processing factory in northern Lebanon. She applied for investment capital and received \$200,000 to expand operations and hire additional employees. Today, Soumaya is the owner of Taqa, the first wheat-free bakery in Lebanon. She has seven employees and sources from two farmers in the Bekaa Valley. When I was in Lebanon in September this year, I had the chance to visit her boutique café, which she opened in May, and sample her vegan and gluten-free products, which are now available at grocery stores in Lebanon. She is now looking to expand into international markets.

The Lebanon Industry Value Chain Development project provides opportunities for women and youth in rural areas across Lebanon. This project works with thousands of micro-, small- and medium-scale producers, processors, collectors, companies and cooperatives to increase quality and productivity. The apple industry in Lebanon was hurt by the regional crisis, and Lebanese farmers have had to identify new markets outside the Middle East. USAID is training over 900 farmers on improved production techniques and helping them identify new markets.

I also visited the Golden Queen Center, an artificial insemination lab for honeybees. Improving the honey sector is the most flexible and appropriate approach to quickly help large numbers of rural poor help themselves. Since October 2012, USAID has helped more than 1,500 families generate income through the production and marketing of honey. Our assistance has resulted in sales of over \$3 million. These businesses are great examples of the lasting impact that small USAID investments can have in Lebanon.

Through our microfinance projects, we are supporting very small businesses. Let me give you just one example: Youssef Barakat is a 49-year old Lebanese citizen who lost his eyesight at the age of 20 and currently supports his wife and 12-year-old daughter. Through a \$10,000 loan, Youssef was able to convert part of his house into a small factory where he produces incense bags and fruit preserves. In addition to this loan, we also provided Youssef with business development support, and encouraged him to open a small shop outside of his home. Over the past three months, USAID's assistance has changed Youssef's life. He has established a base of regular customers and his income has doubled.

USAID programs also promote stability and counter malign influences by improving access to public services empowering civil society to promote a culture of good citizenship and offering opportunities to youth and other marginalized populations. USAID is currently working in partnership with municipalities and civil society throughout Lebanon. These activities include: electricity generation through solar power, more efficient irrigation systems, access to potable water, income generation through rural tourism, transportation solutions for students to attend public schools, equipment for community health clinics, and community centers that offer sports and social activities to promote youth engagement.

USAID places great emphasis on the importance of education and coordinates with the Ministry of Education and Higher Education (MEHE) to strengthen the quality of Lebanon's public schools by training teachers, improving reading skills and improving access to education for vulnerable Lebanese and Syrian refugees. Last month I visited a public elementary school in Mount Lebanon. In order to accommodate the increase in students due to the Syrian crisis in the community, the school hosts two shifts in the school day. This school benefits from our retention support program with the U.N. Children's Emergency Fund (UNICEF). Over 150 Lebanese public schools benefit from this program, which provides extra academic and extracurricular help to prevent Lebanese and non-Lebanese children from dropping out of school.

Another aspect of our education support is the University Scholars Program (USP) that provides financially disadvantaged youth an opportunity to study at either the American University of Beirut or the Lebanese American University. Since 2010, with the support of Congress, USAID has funded nearly 900

undergraduate scholarships, with 110 candidates expected to start in the next academic year. Scholarships are awarded through a transparent competitive process to students with academic merit and demonstrated financial need.

Last month, I spoke with 18 scholarship recipients who shared with me how the scholarship that they received has affected them, their families and communities. One student from southern Lebanon told me the support allowed her to be the first ever from her village to attend university. The USP scholars are leaders and change makers in their communities. The scholarship program also plays an important role in promoting American educational and democratic values abroad.

While in Lebanon, I also traveled to the Bekaa Valley, where I met with officials from the Bekaa Water Establishment and visited a water treatment facility and customer service center rehabilitated by USAID. Water resources in Lebanon suffer from lack of proper management. Uncontrolled agricultural runoff and untreated sewage jeopardize the quality of water resources. Household water supply is intermittent and of poor quality.

Our support to the water establishment involved the introduction of new equipment, systems and techniques for improved water management and treatment. With our assistance, the Bekaa Water Establishment can sustain its own operations and has improved the supply of clean potable water to around one million residents of the Bekaa, including Syrian refugees.

In addition to the assistance we are providing to host communities in Lebanon, USAID is also providing food assistance, through the World Food

Programme (WFP), to directly support Syrian refugees inside Lebanon. Approximately 670,000 Syrian refugees in Lebanon receive food assistance through electronic food vouchers that are redeemable at more than 500 shops nationwide. Through this market-based intervention, WFP has injected \$926 million dollars into the Lebanese economy

Conclusion

We believe that a peaceful, prosperous and stable Lebanon can make an important contribution to comprehensive peace in the Middle East, and we continue to work with our Lebanese partners to further our mutual interests in stability and prosperity.

We will continue to draw on our experience, partnerships and long history in Lebanon to respond to the needs expressed by Lebanese citizens, to enable them to strengthen their capacity to drive and sustain their own development.

Thank you for the opportunity to testify today, and I look forward to answering your questions.