

Statement for the Record
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Good afternoon Chairman Deutch, Ranking Member Wilson, and members of the Subcommittee. Thank you for the opportunity to appear with Assistant Secretary Leaf and speak with you today about the U.S. Agency for International Development's Fiscal Year 2023 request and our work in the Middle East and North Africa (MENA).

Last month, Administrator Samantha Power spoke with you about USAID's global vision underpinning our Fiscal Year 2023 budget request and how important Congressional funding is for us to extend peace, prosperity, security, and human dignity to people around the world. Nowhere is that work more critical than in the Middle East and North Africa where people face not only considerable challenges to security and stability, but also meddling and interference from countries such as Iran, the People's Republic of China (PRC), and Russia who exploit regional tensions and divisions to advance their own ends.

After more than a decade of Putin's support for Bashar Al Assad's brutal dictatorship, the Syrian people are all too familiar with the damaging effects of the Kremlin's military campaigns. Unfortunately, now Putin's war of aggression against Ukraine further threatens the people of the MENA region as food prices, especially for regional staples such as wheat and cooking oil, continue to rise. These disruptions to the global food supply chain are particularly concerning in the MENA region. The outsized demand for wheat and highly sensitive government subsidies for bread prices force governments to pivot to more expensive options in order to maintain subsidies critical to the social contract with their citizens. Further compounding the situation, the effects of climate change continue to threaten this already water scarce region. In fact, much of the region is facing a historic drought for the second year in a row resulting in lower domestic harvest yields.

Against the backdrop of the considerable challenge of food security, the COVID-19 pandemic still lingers. The majority of countries in the region have not yet vaccinated even half their populations, and already limited employment prospects for the region's sizable youth population remain contracted.

Financial recovery from the pandemic remains stymied as some of the region's leaders continue to resist critical economic and political reforms. Despite continued popular protests more than ten years following the Arab Spring, the promise of democratic awakening has yet to come to

fruition and the MENA region stands out as the least free in the world, with 85 percent of its population living in “not free” countries as categorized by Freedom House’s World Freedom Report. Global trends of democratic backsliding are also reflected in the region as President Saied takes alarming steps towards undermining the independence of Tunisia’s democratic institutions and Lebanon struggles with rampant corruption.

Despite the immense challenges facing the people and governments of the region, USAID - with Congress’ support - is well positioned to provide resources, technical expertise, and partnership to those leaders across the region who are making strides towards stability, security, and prosperity. Resources provided by Congress, such as through the Nita M. Lowey Middle East Partnership for Peace Act of 2020 (MEPPA) and the Additional Ukraine Supplemental Appropriations Act, provide meaningful opportunities for USAID to address critical needs in the region and advance peace, security, and stability not only for the people of the region, but also for the American people.

Food Security

Foremost among the region’s challenges is food insecurity, which has been exacerbated by Putin’s war on Ukraine. Putin’s war has pulled farmers away from the harvest, destroyed agricultural facilities, and effectively blockaded ports, trapping Ukrainian food on ships and in silos. More than half of these Ukrainian wheat exports would be destined for MENA countries. Egypt alone is the world’s largest importer of wheat - importing 10 percent of the global share, with approximately 80 percent of its supply normally coming from Russia and Ukraine. Lebanon, Libya, Yemen, and Tunisia each import at least half of their wheat from Ukraine and Russia.

Even prior to Putin’s aggression, by June 2021, food inflation reached levels seen just before the Arab Spring, and prices continue to rise. According to the UN World Food Program (WFP), prices of wheat flour and vegetable oil—two key staples in the diets of most families—have risen across the region. Cooking oil is up 36 percent in Yemen and 39 percent in Syria. Wheat flour is up 47 percent in Lebanon, 81 percent in Yemen and 97 percent in Syria. These increases are particularly difficult for Lebanon, where the ongoing economic crisis has already caused food prices to rise steadily over the past two years.

According to WFP, the cost of food to meet an average household’s minimum monthly needs has increased 965 percent from October 2019 to February 2022. Facing rising food and fuel prices, the WFP has been forced to make cuts which will have dire consequences for areas dependent on this assistance and facing significant food insecurity, such as Yemen and the Gaza Strip.

Although our Fiscal Year 2023 Request was submitted before the current food security crisis, the MENA request includes a significant increase in economic growth funds that would allow

our Missions to respond to fluctuations in the economy and food prices. We are already taking action within our existing programming to address increasing food security concerns.

In Lebanon, we are providing non-perishable food parcels to families of public-school students and providing technical assistance and in-kind grants to agribusinesses and farmers to sustain locally-grown produce for local markets. In Egypt, we are working with farmers to reduce post-harvest losses of wheat by helping them properly treat the harvest, obtain appropriate tools and containers for transport, and improve storage facilities. Finally in Syria, to address recent low harvests and poor seed quality, USAID donated nearly 3,000 metric tons of wheat seeds to farmers in northeast Syria last fall. Farmers are just now bringing in the harvests grown from those seeds. Some of these farmers were able to more than double their harvests from the last planting season. In addition to supporting wheat planting this year with wheat seeds and fertilizer, we will also address cooking oil shortages by working with Syrian agro-processors to expand local cooking oil production. In Yemen, we are providing food, purchased from American farmers, to feed up to 13 million vulnerable Yemenis each month.

Climate Change and Water

The MENA region already faced numerous challenges for domestic food production before Putin's war on Ukraine caused imported food prices to rise drastically. As the most water-scarce region in the world, 12 MENA countries count amongst the world's most water-stressed with at least 60 percent of their population in need of more water than is available. As such, the potential repercussions of climate change in the region are especially acute, with impacts including rising extreme high temperatures, wildfires, floods, droughts, and desertification with implications for food, water, and health security. Our Fiscal Year 2023 Request poises USAID to respond to these challenges with \$128 million requested for climate work, a robust increase over our Fiscal Year 2022 Request, and supports the President's pledge to increase U.S. climate financing, globally, to \$11.4 billion.

Most countries in the region recognize the significance of addressing the impacts of climate change. Many, however, need assistance to design climate friendly policies; leverage science and climate smart technology, and build local capacity to help adapt to climate change and improve resilience. Even with aggressive action, the Middle East and North Africa will continue to experience extreme weather and environmental stress, especially water and heat stress. These stressors may further exacerbate regional tensions and drive migration and conflict.

The upcoming 27th session of the United Nations Climate Change Conference of the Parties (COP 27) is scheduled to occur in Egypt in November, followed by the 28th session in the United Arab Emirates. These create an opportune moment to convene regional public and private actors whose cooperation is essential in order to adapt to the impacts of climate change and build resilience in face of climate-driven stressors. Independent civil society must be an

equal participant with governments and the private sector for these sessions to succeed in gaining broad societal buy-in. USAID has already been partnering with the private sector and other donors to invest in sustainable solutions to improve resilience to climatic shocks and stressors across the region. We continue to emphasize science-based stewardship and management of natural resources through a combination of local and regional programs.

In Iraq, the Request increases topline funding to address climate change and build on partnerships such as those with Coca-Cola, where we collaborated with the local government and water directorate in Soran to improve climate adaptation through water management and providing water to underserved communities, while reducing water loss, encouraging conservation. This one project alone resulted in a savings of more than 105 million gallons every year—the equivalent of 160 Olympic swimming pools. We are building on this success with a second phase of the program, which we anticipate will nearly triple that annual water savings. Adequately monitoring and controlling water distribution prevents water loss and millions of dollars in lost revenue. In Jordan, unbilled water amounts to nearly \$300 million annual revenue loss. USAID assisted the Government of Jordan to address this challenge by installing more than 5,000 miles of water piping and 120,000 smart meters, and upgrading water monitoring and control systems throughout the country, ultimately saving enough water to supply more than 200,000 people in one year.

At the regional level, our Middle East Regional Cooperation program (MERC) has brought together Israeli, Palestinian, and Jordanian scientists who are developing an online platform to monitor small-scale greywater treatment and reuse systems. The data gathered through this project will assist regional policymakers in approving standards for greywater reuse. Not only has MERC harnessed the brightest minds to address challenges across the region for more than 40 years, but it also continues to forge partnerships that can sustain these efforts even after USAID funding ceases. In 2021, MERC was re-opened to Palestinian applicants, offering more opportunity to reinvigorate regional ties while continuing to fund innovative solutions to regional agriculture, environment, and health challenges.

USAID also partnered with the International Water Management Institute and NASA and worked with practitioners in the region to help Jordan and Morocco improve drought forecasting and management plans, which are essential for managing the impact of climate change and increasing water and food security. In Morocco, the Request increases topline funding for additional climate programming and we are using cutting edge solutions to address water needs while improving the skills and employability of young people. For example, the H2O Maghreb program in Morocco leveraged virtual reality and technology used by the US Air Force to train young professionals, half of whom were women, for jobs in the water sector.

The Fiscal Year 2023 Request expands funding from previous request levels to develop climate-resilient water and natural resource management practices, support climate smart agriculture, and encourage business growth in climate-friendly sectors. Nature-based solutions such as sustainable watershed management, alongside technological solutions such as drip irrigation, solar powered water pumps, and innovative greywater reuse programs across the region offer promise for increased impact if expanded. Alongside the physical, social, and technical challenges, mismanagement, corruption, and inadequate policies often compound the challenges of addressing the climate impacts in MENA. It is, therefore, paramount to address these issues through improved governance as well.

Accountable Governance and Stability

Poor governance, violations against fundamental freedoms, and corruption act as spoilers for progress across the region. Widespread government corruption, as in Lebanon, or outright brutality, as in Syria, limit USAID's options for trustworthy partners in development. USAID is continuously assessing its programs in Tunisia to reinforce the urgent need for a return to constitutional governance, protection of human rights, and implementation of critical political and economic reforms. The inability of elected officials to respond to their citizens' needs and address corruption undercuts public confidence in democratic processes and contributes to instability. As USAID works to advance free and fair elections, we also remain focused on the days that follow those elections and helping elected officials to understand and meet their citizens' needs.

USAID provided significant support and technical assistance for Iraq's elections in October, leading not only to a free and fair election, but notably one which saw gains for reformers, while the country experienced minimal election-related violence. As the Libyan people seek a path towards national elections, we continue to provide technical support to the High National Election Commission on all aspects of electoral preparations and citizen engagement.

However, elections are only one piece of the puzzle, which is why we continue programming to counter corruption and improve accountable, responsive government services. Last year, our assistance enabled Libya to unify its eastern and western power grids to reduce the frequency and duration of blackouts. We continue to support the unification of the Central Bank of Libya and the creation of a sound financial policy and regulatory framework to bolster the stability of the country's financial system. In Jordan, USAID helped the government adopt more than 40 e-services to expand access to public services, improving transparency, and in May, we welcomed a delegation of Egyptian government officials to Washington D.C. for a series of meetings to help them improve their efforts to increase government transparency and address corruption.

In countries without credible national partners, subnational governments and civil society organizations offer opportunities to make sustainable progress. Citizen demands for change

continue, offering USAID the chance to empower an engaged citizenry by helping to defend and expand political space, as well as with training and support. As Administrator Power noted in her recent speech on expanding democracy, solutions shouldn't be decreed in capitals but must be informed by citizens and local institutions who support the implementation of reforms and hold governments' feet to the fire to follow through on their commitments. In working with civil society organizations and municipal governments, USAID has the unique possibility to both elevate the airing of legitimate grievances against governing authorities while simultaneously increasing the capability of those authorities to meet their citizens' needs. This work is particularly relevant for the underserved women, youth, racial, religious, and ethnic communities and marginalized populations across the region.

The FY23 Request includes funding to continue and expand our work to increase inclusion, citizen participation, and government responsiveness. We will continue to support the Iraqi people's agenda to improve governance, protect their rights, implement reforms and enable civil society organizations to more effectively engage Iraqi provincial governments and ministries. We will promote tolerance and provide support to members of racial, religious, and ethnic minority populations, building youth dialogue in Lebanon, supporting the return of Yezidi and other displaced Iraqis to their communities, and countering hate speech and disinformation in Libya.

Working with partners to facilitate engagement between opposing political factions and seek peaceful resolutions for real and competing interests will continue to be critical to prevent conflict and promote stability both within and between countries in the region.

Economy

Across many of the countries in the region, economic reforms are necessary to ensure long-term stability. Even prior to the onset of COVID-19 and Putin's war in Ukraine, the Middle East and North Africa was the only region in the world where extreme poverty was increasing, primarily driven by conflicts in Yemen, Syria, and Libya.

In Egypt, Iraq, Jordan, and Yemen, USAID provides technical expertise for willing partners to support economic reforms. Our work with the Central Banks of Libya and Yemen play key roles in bolstering the stability and integrity of their countries' financial systems, and our technical and information technology support enables their efforts to keep their economies afloat. And in Lebanon, although USAID is supporting programs to maintain and create employment, only long-overdue political and economic reforms can address the country's economic collapse.

Across the region, unemployment has worsened, particularly for women and youth. The financial costs of these lost opportunities are high. Current estimates suggest that students' lost learning, inconsistent schooling, and drop outs translate into regional economies losing up to \$800 billion

in lifetime earnings for the current cohort of learners. In Jordan, women's participation in the labor force was only 14 percent before COVID-19, already one of the lowest in the world, but is likely even lower now. However, it is estimated that Jordan's gross domestic product could rise by \$8 billion if women were to participate equally in the economy.

Our investments in workforce development and the private sector not only act to counter overdependence on public sector employment which imperils prospects for sustained growth, but also offers the opportunity to empower women, youth, and minorities. The Fiscal Year 2023 Request is the largest-ever gender budget request, including \$158 million towards gender specific programming. A Lebanese nut roasting company, Iraqi craftsmen, midwives in Yemen, farmers in Syria, and Moroccan craft cooperatives are just a few of the examples of how USAID's investments in training and economic development are building and supporting employment opportunities for the diverse people and communities in the region.

Our budget request and ongoing programs will continue essential work to build resilience and mitigate the impacts of deteriorating economic conditions. For example, in non-regime controlled regions of Syria, we will continue working to expand agricultural livelihoods, create jobs, expand private investment, and reduce reliance on humanitarian assistance, with a specific focus on promoting women's entrepreneurship. In Iraq, we will expand access to finance for businesses and engage young entrepreneurs.

COVID-19 and Global Health Security

Across all of these challenges, the COVID-19 pandemic lingers. Thanks to additional funding and flexibility from Congress, we have been able to take action to protect regional development advances from the pandemic's effects. Since the beginning of the pandemic, USAID and State invested nearly \$1 billion in supplemental funds to address the health, social, and economic effects and humanitarian needs as a result of the COVID-19 pandemic in the Middle East and North Africa.

To date, the U.S. government has delivered more than 35 million donated COVID-19 vaccine doses, both bilaterally and in partnership with COVAX, to countries and economies in the Middle East and North Africa. We donated refrigeration trucks for vaccine transportation to Iraq, generators and information technology equipment for mobile vaccine points in Libya, and seven ultra-cold chain freezers to the Moroccan Ministry of Health, nearly doubling the country's storage capacity. However, even with U.S. assistance, vaccination rates across the region remain low. In Libya, Iraq, Algeria, and Syria, less than a third of the population has been vaccinated. In Yemen, only 2.2 percent of the population has received any COVID vaccine.

Our FY23 Request continues and increases critical investments in global health and global health security, as part of the Administration's strategy to tackle the COVID-19 pandemic and prevent a

future pandemic. Beyond vaccinations and the immediate health impacts, the continued investments reflected in our budget request will be necessary to revitalize the region's economies, foster stability, and build pathways out of poverty. In particular, the FY23 Request proposes the creation of Global Health Programs-USAID allocations for Egypt and Jordan and part of USAID's global strategy to bilateralize Global Health Security in Development funding.

Assistance to Palestinians and Cooperation with Israel

The longstanding conflict between Israelis and Palestinians has shaped the regional landscape for more than 70 years. Promoting a sustainable solution to the conflict is a critical element of our efforts to advance peace and prosperity in the region. USAID recognizes the opportunity for peacebuilding presented by the Abraham Accords, and we continue to work in partnership with Israel to bolster collaboration not only in the region, but also globally through our joint efforts in the Northern Triangle.

Resuming our assistance to the Palestinian peoples to address unemployment, poverty, and civil society restrictions is critical to set the conditions for a peace in which Israelis and Palestinians can live side-by-side in peace, prosperity, and dignity. We remain committed to ensuring our assistance to the Palestinian people fully complies with all applicable laws, and we conduct extensive antiterrorism vetting and oversight procedures for our partners and beneficiaries.

We are especially grateful for the \$50 million appropriated for Fiscal Year 2022 in continued support of MEPPA. This Act provides USAID the opportunity to expand people-to-people programming between Israelis and Palestinians, building the constituency for peace. We have moved swiftly to implement Congress's vision for this fund. We announced the first three awards under the MEPPA Partnership for Peace Fund earlier this year and will continue to evaluate applications on a rolling basis. The Partnership for Peace Fund Advisory Board hosted its first meeting in April, and George Salem, the Advisory Board Chair, recently made his first trip to the region to see our Mission's progress first-hand.

Partnerships

We know the efforts of the U.S. government alone are insufficient to tackle the region's sizable challenges—whether addressing water shortages or developing private sector opportunities for the growing youth population. Revitalizing international partnerships and alliances will be critical for us to succeed in advancing stability and prosperity.

To maximize our financial impact and increase the sustainability of our programs, we are engaging the private sector to invest in mutually beneficial development efforts. In Egypt, we're partnering with Google to provide digital skills training. In Libya, we partnered with Pepsi to train municipal workers on sustainable waste management such as composting and recycling. And Accenture, Microsoft, and IBM are a few of the businesses who have partnered with us to

improve our team's understanding of the requirements for building a future skilled workforce in the region.

Initiatives such as Prosper Africa strengthen our teamwork across the U.S. government. Such efforts to improve the ties between development, diplomacy, and defense increases the impact of each of our work. Reaching across our own borders, we are finding willing partners with shared development values and goals. In Yemen, we are partnering with the United Kingdom's Foreign, Commonwealth and Development Office (FCDO) to provide technical assistance for improved management of the Central Bank and the Ministry of Finance. Our partnership has strengthened policy recommendations and requests of Yemen's government. We are also in discussions with the Kuwait Fund for Arab Economic Development about opportunities to collaborate on economic recovery and livelihoods in Yemen.

Looking Forward

Although the immediate impacts of our work are first felt by people far from our shores, the lasting effects of greater security, stability, and prosperity in the Middle East and North Africa impact our own national security and prosperity. By building vibrant economies, we create trading partners. By protecting human rights, we mitigate grievances and instability and build more sustainable partnerships. By improving governance and security, we lessen the threat of extremist violence and terrorism visiting the homeland. And in demonstrating compassion and cooperation, we build allies and partners who share our interests and aspirations.

With your support, we will move aggressively to tackle the challenges facing the region. We will ensure taxpayer funds are used effectively and reach those for whom they are intended, and we will work to create a more stable and prosperous future for all of us. Thank you for your time, and I look forward to your questions.