

Written Testimony
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House Foreign Affairs Committee
Subcommittee on Middle East, North Asia, and Central Asia
“Fiscal Year 2025 Budget Request for Near Eastern Affairs”
May 23, 2024

Chairman Wilson, Ranking Member Phillips, and distinguished members of the subcommittee, thank you for inviting me here to testify today at this incredibly difficult time in our region. Prospects for peace and stability in the region feel farther away than when we last met, but these current challenges only increase the urgency of our work.

We all know that the Middle East and North Africa (MENA) are at a critical inflection point. Hamas’ abhorrent October 7 attack on Israel and the ongoing conflict in Gaza in which more than 30,000 Palestinians have been killed, nearly 80,000 injured and over 1.7 million displaced have taken center stage across the globe.

The dynamics of the current moment may shape the next several decades in the region. Our efforts should lay the foundation for a road to lasting peace and stability and offer viable alternatives to the narratives presented by malign actors seeking to radicalize the impressionable and vulnerable. The challenges of the moment offer an opportunity in which the relatively modest amounts requested in our Fiscal Year 2025 Request might play an outsized role in shaping a peaceful, prosperous, and interconnected future for the region.

Pre-Existing Regional Pressures

It is difficult to look beyond the current conflict in Gaza, particularly as Hamas still holds innocents hostage and more than two million Palestinians face grave humanitarian conditions. However, while we remain focused on the immediate response, we must also examine the entire scope of the region’s challenges in order to envision a path forward. Water and food insecurity, high numbers of displaced persons from conflicts and natural disasters, corruption, and economic mismanagement already strained the region’s resources prior to October 7. The conflict has exacerbated many of these elements further. In addition, the malign influences of regional and global competitors—whether Iran, Russia, or the People’s Republic of China—promulgate misinformation and challenge our efforts to tackle these difficulties head on.

Sufficient water for consumption, agriculture, and sanitation remains out of reach in many areas of this most water-scarce region in the world. The increasing frequency of droughts combined with shrinking water resources results in lower domestic crop yields, adding to the problems of high food and agricultural input prices, which had already risen as imports became more expensive due to Russia's war on Ukraine.

The frequency and severity of droughts also increase the severity of floods as Libyans experienced this past year when floods breached dams, resulting in more than 6,000 deaths and displacing more than 44,000 people from their homes. Unfortunately, 2023 also saw natural disasters strike Türkiye, Syria, and Morocco, as earthquakes destroyed entire cities and claimed more than 60,000 lives. USAID was able to rush lifesaving assistance to the most vulnerable, but for those in northwest Syria already suffering from assaults from Bashar al-Assad's brutal regime, true recovery will remain out of reach while the regime's violence continues with support from Russia.

While USAID continues to help countries conserve limited water resources through improved irrigation technology, water management, and infrastructure, rising regional tensions increase the difficulty of addressing shared issues across borders. Conflicts throughout the region are expected to displace nearly 11.7 million people within their own countries in 2024. The impacts of this violence will inevitably drive more refugees across borders and into partner countries such as Lebanon, Jordan, and Egypt, which are struggling to support their current refugee populations.

Across these countries and many others of the region, corruption, economic mismanagement, and democratic backsliding aggravate the situation. Governments in Lebanon and Tunisia have not fully embraced essential reforms aimed at stabilizing their economies, and a bloated public sector in Iraq drains crucial resources.

Countering Malign Actors

As the world witnessed in Hamas' horrifying attacks, malign organizations in the region can exploit the region's income and population to dire ends if left unchallenged. The current conflict in the Levant didn't begin on October 7. For years, Hamas, Hezbollah, and other malign actors have exploited the region's challenges and tensions to gain economic and political influence and wield power at the expense of the people they claim to serve.

In addition to Hamas and the region's other Iranian-aligned affiliates, actors such as Russia and strategic competitors such as the People's Republic of China (PRC), have sought to increase their engagements to take advantage of the unpopularity of U.S. policy in the region. Russia

continues its campaigns of meddling in Libya and support for Assad's brutality in Syria. The PRC has attempted to capitalize on the relative unpopularity of the United States to make inroads through predatory loans and investments in Chinese-aligned technological infrastructure across the region and to paint the PRC as the Middle East's benevolent political benefactor.

Despite the difficulty of engaging at this moment, Hamas' audacious attack makes clear the high costs of yielding the competition for the region's future, not only for the United States, but also for our regional allies. At the same time, the dynamics around the conflict in Gaza mean that the U.S. image in MENA is on the decline. However, the interest in engagement with the United States, particularly for economic partnerships, remains.

Positioning for the Future

The region's already fragile economies have been set further behind by the ongoing violence. Palestinian gross domestic product in 2023 declined by \$1 billion compared with 2022, all of that in the fourth quarter, and is projected to decline \$7 billion in 2024 from pre-conflict levels. Tourism revenue in Jordan and Egypt has declined. And earlier this year the International Monetary Fund lowered its growth forecast for the region to two percent, significantly below the 5.6 percent growth seen in 2022.

The rapidly growing population of young people in the MENA region adds a complicating dimension across these challenges. Youth under the age of 24 make up nearly half the region's population, but the youth unemployment rate in the MENA region has long been the highest in the world, particularly among women. Addressing the needs of this sizable population offers fertile ground where modest U.S. investments may make outsized impacts.

Our fiscal year (FY) 2025 Request proposes critical investments to address these needs. In response to the conflict, we have requested an increase of \$10.3 million to mitigate post-conflict needs in Gaza and the West Bank and \$5 million in Lebanon. This will help the Palestinian people in Gaza and the West Bank rebuild their lives in the aftermath of the conflict, and address agriculture and basic education needs in southern Lebanon where the conflict has caused school closures, shuttered businesses, and damaged crops, increasing communities' vulnerability to Hezbollah's influence. This request sustains our commitment to a two-state solution and prioritizes and leverages the value of long-term strategic partnerships.

We have requested an \$11 million increase in funding to support Morocco's recovery from last year's earthquake. In Morocco, USAID is working with a non-governmental organization partner GiveDirectly and Morocco's National Initiative for Human Development to provide direct cash grants to 180 cooperatives whose livelihoods were compromised by the earthquake. This is in

addition to more than 1,400 grants previously awarded to support cooperatives devastated by COVID-19, drought, and inflation.

We are also seeking an additional \$22 million in Syria to further a core objective of the al-Hol Action Plan, reintegrating people to their communities and decreasing their vulnerability to radicalization. USAID programs in this space are already delivering results. In Syria, when 87 Syrian families returned from al-Hol camp to Raqqa this past September, more than 1,350 total referrals were made for economic and social services through the Case Management System, such as legal support, transitional shelter, and psychosocial support services thanks to USAID's assistance. As recently as May 8, USAID supported the departure of 66 families from al-Hol camp to Deir ez-Zour governorate—USAID will support the same referral services for these families in the coming weeks. This comes in addition to the support USAID has provided for the communities to which they are returning, such as increasing job opportunities and revitalizing agriculture for all residents.

In addition to these increases, this request continues critical investments to build on previous advances in stability and security across the region. In Iraq, to drive economic growth, USAID supported more than 10,000 entrepreneurs and leveraged \$42 million in investments and \$80 million in new loans to small and medium enterprises (SME), creating over 5,000 new jobs and an 80 percent growth in SMEs revenues. In Tunisia, USAID helped 49,000 small businesses in underserved regions increase sales by \$610 million and create 56,000 jobs. We also continue other critical investments in the private sector and Tunisian civil society, although we have decreased our funding given the government's continued democratic backsliding.

USAID supported Libya's electric company to develop improved systems resulting in the first full year of uninterrupted electricity production since the fall of the Gaddafi regime. In Lebanon, USAID programs actively concentrate on boosting electricity generation, enhancing the cost-effectiveness and sustainability of municipal power supply, and fostering a favorable environment for renewable energy-based power generation at the local level. This aims to diminish the influence of exploitative actors and mitigate the impacts of conflict on the private sector. USAID continues to support the internationally recognized Republic of Yemen Government based in Aden in south Yemen which opposes the Houthis. USAID created the ongoing Yemeni Foreign Exchange auction to stabilize the currency and is supporting the Republic of Yemen Government in Aden's Central Bank, the Ministry of Finance, the Customs Authority, and the Tax Authority implement more than 11 monetary and fiscal reforms that are vital to the Government's ability to govern, raise revenues, and provide essential services to its struggling people.

Thanks to Congress' support, USAID has allocated over \$200 million to award full undergraduate scholarships to more than 1,900 deserving yet disadvantaged Lebanese and refugee students. More than 68 percent of these students graduate with honors. In Jordan, which is also home to large numbers of regional refugees, USAID supported the construction of the Zara Ma'in Water Treatment Plant, which provides drinking water to an estimated 1.7 million residents in Amman and the As Samra Wastewater Treatment Plant, which treats almost 70 percent of Jordan's wastewater.

The funds included in our FY 2025 Request will allow us to continue these and other such vital efforts to stimulate the private sector, reinvigorate civil society, invest in youth, and improve basic services for millions.

Regional Peacebuilding

Our peacebuilding work deserves particular attention given the growing divisions in the region. Although tensions remain high, we continue to see signs of hope in the dedicated peacebuilders in the region. Our partners through the Nita M. Lowey Middle East Partnership for Peace Act (MEPPA) remain committed to their work connecting Israelis and Palestinians across borders. Despite the logistical difficulties posed by security constraints, they continue to seek ways to advance their work and maintain connections.

For example, last month MEPPA's Interfaith Peacebuilding Initiative brought together about 80 Muslims, Jews, and Christians from throughout Israel and the West Bank for an interfaith iftar in Jerusalem. For most partners, in-person events have been difficult to sustain due to security constraints and travel restrictions, but all of our partners are looking for ways to adapt. The Palestinian-Israeli Specialist Nursing Hub activity with Project Rozana initially paused its work bringing together 450 Palestinian and Israeli nurses for training, but they have since resumed work in the West Bank. Additionally, in response to the participants' requests, they are continuing to provide language training in Hebrew and Arabic, so Palestinian and Israeli nurses can better understand each other.

Our Middle East Regional Cooperation (MERC) program has likewise seen positive signals for continued cross border collaboration from its participants where proposals for collaboration between Palestinian and Israeli researchers remain among the top proposed partnerships. Likewise, Moroccan, Jordanian, and Egyptian researchers' interest in collaboration also remained strong. Among our ongoing research activities, our team continues to see scientists in both Israel and Arab nations committed to supporting each other through continued professional and collegial collaboration. For example, MERC-supported researchers recently

hosted a virtual workshop on agrivoltaics which attracted over 60 Israeli, Emirati, Jordanian, and Palestinian participants.

Our FY 2025 Request continues funding for these critical activities to continue the work of building enduring peaceful ties between Israel and its neighbors.

Conclusion

Despite the numerous regional challenges, space remains to influence the trajectory of the region. The region's young population will play a critical role in shaping their future.

We must invest in helping these young people develop a Middle East and North African region that is integrated into the global economy. We must help them obtain education and training that will empower them to create meaningful industries and careers to start and support their own families. Through our assistance, we can ensure they have access to the full range of ideas in an increasingly interconnected world.

The investments in our FY 2025 budget request are critical to underwrite a more transparent, stable, hopeful, and peaceful future for the people of the region. With the funds requested, we will be able to offer the region's youth opportunities and alternatives that counter the false promises of actors who would exploit the region and its people. We will not only empower the people of the Middle East and North Africa to forge a more promising and prosperous future, but also ensure security for America and its allies.