

**ASSESSING U.S. FOREIGN POLICY PRIORITIES AND
NEEDS AMIDST ECONOMIC CHALLENGES IN THE
MIDDLE EAST**

HEARING
BEFORE THE
SUBCOMMITTEE ON
THE MIDDLE EAST AND SOUTH ASIA
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
SECOND SESSION

—————
MAY 9, 2012
—————

Serial No. 112-147
—————

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/> or
<http://www.gpo.gov/fdsys/>

—————
U.S. GOVERNMENT PRINTING OFFICE

74-194PDF

WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FOREIGN AFFAIRS

ILEANA ROS-LEHTINEN, Florida, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
DAN BURTON, Indiana
ELTON GALLEGLY, California
DANA ROHRBACHER, California
DONALD A. MANZULLO, Illinois
EDWARD R. ROYCE, California
STEVE CHABOT, Ohio
RON PAUL, Texas
MIKE PENCE, Indiana
JOE WILSON, South Carolina
CONNIE MACK, Florida
JEFF FORTENBERRY, Nebraska
MICHAEL T. McCAUL, Texas
TED POE, Texas
GUS M. BILIRAKIS, Florida
JEAN SCHMIDT, Ohio
BILL JOHNSON, Ohio
DAVID RIVERA, Florida
MIKE KELLY, Pennsylvania
TIM GRIFFIN, Arkansas
TOM MARINO, Pennsylvania
JEFF DUNCAN, South Carolina
ANN MARIE BUERKLE, New York
RENEE ELLMERS, North Carolina
ROBERT TURNER, New York

HOWARD L. BERMAN, California
GARY L. ACKERMAN, New York
ENI F.H. FALEOMAVEGA, American
Samoa
BRAD SHERMAN, California
ELIOT L. ENGEL, New York
GREGORY W. MEEKS, New York
RUSS CARNAHAN, Missouri
ALBIO SIRES, New Jersey
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
DENNIS CARDOZA, California
BEN CHANDLER, Kentucky
BRIAN HIGGINS, New York
ALLYSON SCHWARTZ, Pennsylvania
CHRISTOPHER S. MURPHY, Connecticut
FREDERICA WILSON, Florida
KAREN BASS, California
WILLIAM KEATING, Massachusetts
DAVID CICILLINE, Rhode Island

YLEEM D.S. POBLETE, *Staff Director*
RICHARD J. KESSLER, *Democratic Staff Director*

SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA

STEVE CHABOT, Ohio, *Chairman*

MIKE PENCE, Indiana
JOE WILSON, South Carolina
JEFF FORTENBERRY, Nebraska
ANN MARIE BUERKLE, New York
RENEE ELLMERS, North Carolina
DANA ROHRBACHER, California
DONALD A. MANZULLO, Illinois
CONNIE MACK, Florida
MICHAEL T. McCAUL, Texas
GUS M. BILIRAKIS, Florida
TOM MARINO, Pennsylvania
ROBERT TURNER, New York

GARY L. ACKERMAN, New York
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
DENNIS CARDOZA, California
BEN CHANDLER, Kentucky
BRIAN HIGGINS, New York
ALLYSON SCHWARTZ, Pennsylvania
CHRISTOPHER S. MURPHY, Connecticut
WILLIAM KEATING, Massachusetts

CONTENTS

	Page
WITNESSES	
The Honorable Jeffrey D. Feltman, Assistant Secretary of State, Bureau of Near Eastern Affairs, U.S. Department of State	6
The Honorable Mara Rudman, Assistant Administrator for the Middle East Bureau, U.S. Agency for International Development	21
Mr. Mark Ward, Deputy Special Coordinator for Middle East Transitions, U.S. Department of State	28
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Jeffrey D. Feltman: Prepared statement	9
The Honorable Mara Rudman: Prepared statement	23
APPENDIX	
Hearing notice	48
Hearing minutes	49
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement	50

ASSESSING U.S. FOREIGN POLICY PRIORITIES AND NEEDS AMIDST ECONOMIC CHAL- LENGES IN THE MIDDLE EAST

WEDNESDAY, MAY 9, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST
AND SOUTH ASIA,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 2 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Steve Chabot (chairman of the subcommittee) presiding.

Mr. CHABOT. All right, we will go ahead and get started here. The subcommittee will come to order. Good afternoon. I want to welcome all of my colleagues, those here and not here, to this hearing of the Subcommittee on the Middle East and South Asia.

The purpose of this hearing is to follow up the recent full committee hearing with the Secretary of State and the USAID Administrator. Today we will focus on the Middle East component of the Fiscal Year 2013 budget, and next week we will hear from administration officials on the South Asia component.

Just over a year ago, the subcommittee heard testimony on the Fiscal Year 2012 budget. Although many of the themes that I am sure we will discuss are similar, the context could not be more different. A year ago, I was cautiously optimistic that the so-called Arab Spring might usher democracy and human rights into a region where both have been exceptions rather than the rule. Now 1 year later, the picture looks very different. The Muslim Brotherhood is on the verge of holding virtually complete control of the Egyptian civilian government, Syria is collapsing into a civil war, potentially, in which nearly 12,000 people have already perished and there seems to be no end in sight. The regime in Tehran has all but quashed all popular opposition and continues to advance in its quest for a nuclear weapons capability. Israelis and Palestinians do not even appear to be close to resuming negotiations despite repeated Israeli overtures, and Iraq, which had looked surprisingly stable, is embroiled in a political crisis which, if not checked, has the potential to sink the entire country back into widespread sectarian conflict. We certainly hope that is not happening, pray that that does not happen, but that could very well be what we have facing us. And on top of that, international institutions like the United Nations have ground to a halt due to foot-dragging by coun-

tries like Russia and China who continue to shirk their own responsibilities as members of the international community.

But while the region continues to change, U.S. core national security interests have not. Maintaining shipping lanes, securing energy for the world economy, ensuring regional stability and combating terrorism still remain critical priorities. Collectively, the current situation poses one of the most serious challenges in the Middle East that the U.S. has faced in decades. And while I am sure that the administration understands the nature of the challenges, I am not so sure that its policies are the most effective in addressing them.

The flagship program in the Fiscal Year 2013 budget is the proposed Middle East and North African Incentive Fund, which despite its \$770 million price tag and very broad authorities, appears to share the same core mechanism as many other assistance programs. Many assistance programs are intended to incentivize countries to reform. Very few of them cost nearly \$1 billion and require notwithstanding authority. Furthermore, I fear this fund risks reinforcing a chronic bad behavior in the implementation of our foreign assistance, substituting money for thoughtful policy. Reflexively throwing taxpayer dollars at problems is not effective policy, and I fear the lack of details about how this fund will operate as well as the very broad authorities requested, make it more likely that the money will at best be wasted and will at worst enable hasty and reckless policy.

I have my doubts about our country-specific policies as well. The administration's current policy in Syria relies on sanctions and diplomacy, and while the sanctions that have been implemented by the U.S. and its allies around the world are certainly having an effect, I fear they will not achieve the stated goal to actually bring about the removal of Assad from power. Similarly, some today are looking to Kofi Annan's six-point plan for Syria and the establishment of a U.N. observer mission with optimism. I am afraid that I do not share this optimism, and I hope our witnesses here today will discuss what next steps the administration is planning if, and likely when, the current diplomacy fails.

In Egypt, the administration, Egyptians, or both do not seem to have grasped the seriousness of the situation. The December 29th, 2011 raid on civil society NGOs calls into question the Government of Egypt's commitment to the principles of democratic governance. And although it may not have intended to do so, the administration's decision on March 23rd to waive a certification on Egyptian democratic progress prior to the obligation of military aid sent the wrong message to parties throughout the region that when push comes to shove, our money will keep flowing despite whatever pre-existing conditions we may have set. Furthermore, a near obsessional fear of the perceived foreign intervention among Egyptians limits what kind of assistance may be possible going forward even with the best bilateral relationship.

Decisions about U.S. foreign assistance must ultimately be shaped by the choices and policies made by regional governments. We have an interest in strongly supporting democratic governments that respect the rights of their citizens and rule of law that foster greater economic opportunity and that observe international

obligations. I fear, however, that if the current trajectory of the region continues unchanged, our assistance programs to many of the countries in question will have to be reevaluated.

And at this time, Mr. Ackerman, I don't know if you can get in your talk in about 3 or 4 minutes, probably not. If not, perhaps we should go ahead and adjourn, go to the floor and come back. So we will go ahead and do that then at this point, so we will be back, and maybe a little less than ½ hour since we used up some of the 20 minutes in this vote. So we are in recess for a short period of time.

[Recess.]

Mr. CHABOT. The committee will come back to order. It has been brought to my attention that we have a number of distinguished high-ranking officers from around the world who are with us here this afternoon, currently at the War College, and on behalf of the subcommittee we would like to ask them to perhaps stand, and we would like to welcome them to our committee and thank them for their service. Thank you very much.

[Applause]

Mr. CHABOT. Thank you very much. And at this time, by popular demand it has been suggested that I should give my opening statement again—just kidding. So we will at this point turn to the ranking member of the committee, the distinguished gentleman from New York, Mr. Gary Ackerman, to give his opening statement.

Mr. ACKERMAN. I think there has been an equal demand that I not make any statement. We will proceed as we usually do. Thank you, Mr. Chairman.

The chairman organized today's hearing to discuss our priorities in foreign assistance in the Middle East in the coming year. I will tell you what the first priority ought to be, meeting the President's request for increased foreign assistance in the Middle East in the coming year.

At a time when the entire region is in the midst of a generational upheaval and with the threat of an Iranian nuclear weapons capability drawing nearer, and it absolutely must be stopped, now is not the time to stuff our hands in our pockets and say that we have been doing enough. Nothing can be more short-sighted and contrary to our national security interests in the region than to draw back on our commitments or, worse, pull back, disengage and leave the region's fate to be determined wholly by others.

In the current fiscal year, U.S. foreign assistance will total an estimated \$37.7 billion, or 1.0 percent of the total Federal budget. By comparison, defense spending will exceed \$646 billion. It is not a question of either/or, but one of scale. Diplomacy and foreign assistance is every bit as critical, and usually much more cost effective at protecting and advancing American interests. To be clear, foreign assistance needs to be understood as a vital element of our overall national strategy, not a soft-headed but compulsory form of charity that we impose upon our taxpayers.

We have a foreign operations budget for the same reason that we have a Marine Corps. It proactively helps to protect America and it advances our vital interests and national security by dealing with problems over there before they become problems over here. September 11th should have proved once and for all that even if

we don't visit bad neighborhoods, and especially if we don't visit bad neighborhoods, they will visit us.

For many years, the Near East has been America's top recipient region. In Fiscal Year 2012, we will spend an estimated \$8 billion and, wisely, the Obama administration has requested a \$1-billion-plus-up for the region in Fiscal Year 2013. While a significant increase, the justification is obvious. The region in which we have vital political, economic and military interests is in the midst of a metamorphosis, and we continue to have vital allies who are counting on us to fulfill our commitments to their security.

So now in addition to our traditional objectives of promoting peace, development, and the spread of democracy, human rights and liberal values, we have a host of specific short-term challenges stemming from the remarkable and radical changes that have been transforming the region. There is a struggle of the Syrian people to free themselves from the Assad dictatorship. This change when it succeeds, and I believe we must facilitate that success to our utmost, will depend on the strategic architecture of the region and deliver a fatal wound to Iranian dreams of hegemony.

Egypt, Libya, Tunisia and Yemen are all struggling to steady themselves and put new governments, which we certainly hope will be democratic in outlook as well as origin, on solid foundations, all while addressing the truly exigent problems within. On the Arabian peninsula and in the Levant, radical, violent Islamists are seeking to exploit the chaos while ever seeking new havens from which they can plan attacks including attacks on the United States. Our commitment to Iraq is ongoing, and our support for Jordan and Lebanon and Morocco is as well.

Finally, the bedrock commitment that we have made to Israel, which remains a target for all radical and malevolent forces in the region must be sustained and strengthened. At a time when Arabs are fighting and struggling for democracy and the fruits of limited government and rule of law, we must continue our support for the one and only truly shining example of these things in the entire region.

While I am bitterly disappointed with the absurd decision by President Abbas last year to seek statehood from the U.N., which can't give it, while refusing to negotiate with Israel, which can, I continue to believe that it is in the interest of both the United States and the State of Israel to continue our assistance to the Palestinian Authority. The transformations wrought by Prime Minister Fayad in terms of law and order, economic growth, and the maturation of government operations are nothing short of remarkable, and while they absolutely could not have happened without the support of the United States.

While the two sides remain at odds presently, I remain convinced that Israel will one day be the midwife of a new Palestinian state for the simple reason that its own vital interests in remaining both a Jewish and a democratic state will compel it to do so. When that day comes, our efforts to support the Palestinian state-building enterprise will yield remarkable dividends. Instead of a failed state or a terror state unable to sustain itself, Israel will have another neighbor able to fulfill its obligations both from without and within.

The Middle East we know for so long is dead, and a new region is being born. Like many new born, we do not know what will become of it and, in truth, it is not for us to determine. What we can and should do is to help within our means, offer counsel and assistance to those who seek it, and remain stalwart in our protection of our partners, our allies and our friends.

Mr. CHABOT. Thank you very much, Mr. Ackerman. I appreciate it. At this time, members, if they would so choose will have 1 minute to make an opening statement if they would like to. We will first recognize the gentleman from Nebraska, Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman, for holding this important hearing today. Assistant Secretary Feltman—Ambassador, Mr. Ambassador, good to see you. Ms. Rudman, thank you for joining us today, as well as you, Mr. Ward. I know we are going to discuss our efforts as the U.S. Government toward meaningful engagement in the Middle East during this important time of transition with all of its uncertainties and difficulties.

I would like to state that briefly my priorities for the region are threefold and intertwined. First, it is to prevent widescale conflict, protect Israel in view of the apocalyptic threats levied against its very existence, and third is to help promote just civil societies and governance structures throughout the region that respect and reflect the needs of local populations struggling to realize their basic human rights.

So there is much to unpack in that brief statement, and I will look forward to your commentary today and the follow-up questions. Thank you, Mr. Chairman.

Mr. CHABOT. Thank you very much. The gentleman from the Commonwealth of Virginia, Mr. Connolly, is recognized for 1 minute.

Mr. CONNOLLY. Thank you, Mr. Chairman, and I want to thank our panel for being here, and you for holding this hearing. And I want to applaud you for your opening statement, much of which I certainly agree with, and the caveats contained therein definitely worthy of holding in mind.

However, I would respectfully suggest it is premature—I just got back from Egypt—it is premature to pass judgment on events that are unfolding in Egypt. Some make us highly uncomfortable absolutely, and they should. But we need to give this a little bit of time and we need to tread softly lest we unwittingly create outcomes we wish to avoid.

And then secondly, the chairman rightfully listed, enumerated many, many interests the United States has in this region and I agree with all of them. But I say to the chairman and my colleagues especially on the other side of the aisle, the answer is not to disengage because we have these concerns. The answer is to continue to engage and invest, however difficult the terrain. That is what a great power does.

And so I look forward to this hearing, and I look forward to having the opportunity to further examine the issues the chairman so ably laid out for us.

Mr. CHABOT. Thank you very much. I believe Mr. Bilirakis, you're not—okay. Thank you very much.

And I believe next was Mr. Chandler, the gentleman from Kentucky?

Mr. CHANDLER. I pass, Mr. Chairman.

Mr. CHABOT. And who is also from a Commonwealth.

And Ms. Schwartz, Pennsylvania, were you interested? Pass? Okay.

Mr. Murphy from Connecticut?

And finally, last but not least, Mr. Higgins? Okay, excellent.

Well, then we can go ahead and introduce our panel here this afternoon, and we have a very distinguished panel. We appreciate them being here. I will start with Ambassador Jeffrey Feltman who was sworn in as Assistant Secretary of State for Near Eastern Affairs on August 18th, 2009. A career member of the Foreign Service since January 1986, Ambassador Feltman previously served as Principal Deputy Assistant Secretary in the Bureau of Near Eastern Affairs, and from July 2004 to January 2008 he served as the U.S. Ambassador to Lebanon. Prior to his assignment in Lebanon, he served in Iraq, Israel and Tunisia. And we welcome you here this afternoon, Mr. Ambassador.

Our next witness will be Mara Rudman. And prior to becoming Assistant Administrator for the Middle East at USAID, Mara Rudman was a deputy envoy and chief of staff for the Office of the Special Envoy for Middle East Peace. She served as deputy assistant to the President and executive secretary to the National Security Council under President Obama from January through May 2009, and as a deputy national security advisor and National Security Council chief of staff to President Clinton from 1999 to 2001. Earlier in her career she served as chief counsel to the House Foreign Affairs Committee under Chairman Lee Hamilton. Thank you very much for being here.

And finally, Mark Ward is a career minister in the U.S. Senior Foreign Service, and currently serves as the Deputy Special Coordinator in the Office of Middle East Transition at the U.S. Department of State. From July 2010 to September 2011, he served as deputy assistant administrator for the Bureau For Democracy, Conflict and Humanitarian Assistance, and acting director of the Office of U.S. Foreign Disaster Assistance at USAID. Mr. Ward was the special advisor on development to the head of the United Nations mission in Afghanistan based in Kabul, from October 2008 until July 2010.

And we welcome all three of you here this afternoon. And as you know we have a 5-minute rule and there is a lighting system. The yellow light will come on and let you know that you have about 1 minute to wrap up. The red light comes on, your 5 minutes are up and we would appreciate it if you would wrap up at or close to that time.

And we will begin with you Ambassador Feltman. You are recognized for 5 minutes.

STATEMENT OF THE HONORABLE JEFFREY D. FELTMAN, ASSISTANT SECRETARY OF STATE, BUREAU OF NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. FELTMAN. Mr. Chairman, Ranking Member Ackerman, distinguished members of the committee, thanks for inviting us to this

hearing on this important subject. It is my pleasure to be here with my colleague, Mara Rudman, from USAID, and Deputy Coordinator for Middle East Transitions, Mark Ward.

As the committee knows, the Middle East has both immediate and long-term strategic interests to our country, so Chairman, you outlined some of those interests. Our critical national interests include countering violent extremism and Iran's destabilizing role, securing Israel and promoting Arab-Israeli peace, supporting reform, respect for human rights and successful transitions to democracy, and maintaining free flows of energy and commerce. Ultimately, each of these affects the lives and the livelihoods of Americans and America's friends abroad. Already we face new realities in Egypt, Tunisia, Libya and elsewhere. At the same time, every country in the region is affected by the same powerful forces. This means, in part, that parties rooted in religious faith will play larger roles.

We do not yet know how our relationships will evolve with emerging governments, Parliaments and civil societies in these countries, and this presents a challenge for budgeting into an uncertain future. But what we do know is that our core national interests have not changed, while the environment in which we pursue them is changing dramatically. And we need to respond accordingly by establishing new partnerships while maintaining old ones, positioning ourselves to protect and promote our interests and help shape and influence outcomes. In this rapidly changing environment this requires patience, creativity and flexibility, and our ability to succeed will depend on your support.

When we observe new parties coming to power we hear many of their leaders saying the right things. But President Obama and Secretary Clinton have been crystal clear that the United States will judge these parties based not on their words, but on their actions and whether they uphold their commitments to promoting peace, to the democratic rules of the game and to the rights of minority communities and women.

During this historic period of transition, the United States Government is faced, as Mr. Connolly said, with a clear choice. On the one hand we could disengage and wait and see what happens. On the other hand we could engage proactively and seek to shape outcomes that are more favorable to our interests and to our friends and start building today the foundations for renewed sustainable partnerships. I understand the temptation to wait to deliver assistance until we are certain of what will happen, but that is a recipe for diminished influence. We are not just a bystander in this drama nor do I believe we can afford to act that part. We have to make the investments that allow us to support our interests and values at a time when many of the old arrangements are giving or changing way. Should we step back, others who do not share our values stand ready to try to fill the void. Our forward-leaning engagement helping the region meet its challenges through partnership is one of the best bulwarks we have against Iranian ambitions to dominate the region.

A key element of our policy response is the proposal to create the Middle East and North African Incentive Fund. With your support, this proposal would provide the means to incentivize the far-reach-

ing reforms that are needed to achieve regional security and fulfill the legitimate aspirations held by the region's people. Lack of these reforms will continue to undermine our interests across the board. Recognizing the magnitude of these issues, the MENA Incentive Fund represents a new approach for our engagement. Its structure bolsters reformers within these governments and societies. It ties substantial assistance to robust and credible reform agendas developed in partnership with governments and their civil societies linked to achieving transparent benchmarks. Simply put, this tool both in its size and its flexibility is badly needed to protect our interests and build successful partnerships with a region in transition. Throughout this process we will actively include Congress in our discussions.

We have a lot on our plate. To protect our enduring interests we must ensure that the root causes of the upheavals of the past year, from Tunisia to Syria, are answered by the emergence of greater freedom, greater dignity, greater opportunity in a region that has seen too little for too long. This is a future that is essential to the interests of the people of the region and to the United States. Thank you for your consideration and your cooperation as we pursue these critical goals.

[The prepared statement of Mr. Feltman follows:]

WRITTEN STATEMENT
JEFFREY D. FELTMAN, ASSISTANT SECRETARY OF STATE
FOR NEAR EASTERN AFFAIRS

HOUSE FOREIGN AFFAIRS COMMITTEE
SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA
*“Assessing U.S. Foreign Policy Priorities and Needs amidst Economic Challenges in
the Middle East”*
May 9, 2012

Mr. Chairman, Ranking Member Ackerman, distinguished Members of the
Committee:

Thank you for inviting me to testify today regarding our priorities in the Middle East and our budget request for Fiscal Year (FY) 2013. The region has seen profound changes in a very short time, witnessing events that seemed unimaginable just over a year ago. These changes have reshaped the region and reshaped how we are approaching the region—there is no going back. People demand dignity, basic democratic rights, access to economic opportunity and an end to rampant corruption. Governments old and new must recognize and respond to the legitimate aspirations of their people if they want to retain their legitimacy to rule. With core U.S. interests in the region at stake, including among others countering the proliferation of nuclear weapons, combating the risk of radicalization, and safe-guarding Israel’s security, President Obama outlined the elevation of the priority of advancing reform in the Middle East and North Africa in his speech at the State Department on May 19, 2011. The Bureau of Near Eastern Affairs has accordingly re-conceptualized its strategic approach with the region’s new realities in mind. It is our policy to promote political and economic reform in countries across the region to better answer the legitimate aspirations of their people, to support transitions to democracy, and, through it all, to bolster the security of our partners and the regional stability that is key to the overall growth and progress of the region and the advancement of our shared interests.

In FY 2013, the Department will further capitalize on the opportunities and respond to the imperative provided by the region’s democratic transitions, working with new partners to build a more stable, peaceful, democratic, and prosperous Middle East and North Africa (MENA). In doing so, as we have over the last 16 months, we will draw on close relationships with our interagency colleagues to address the significant challenges in the region. Our coordinated implementation will be essential as we work to help shape the momentous shifts that will reverberate for years to come.

Expanding Political and Economic Reform

We face new realities in Egypt, Tunisia, Libya, and elsewhere. It is too early to predict what kinds of political systems might emerge in those countries, or how long these transitions will take. We also cannot say for certain how other governments in the region may develop, given that virtually every country in the MENA is affected by those citizen-driven movements. We know that parties rooted in religious faiths will play larger roles. We do not yet know what the U.S. relationship will be over the long term with emerging governments, parliaments, and civil society in these countries. We do know, however, that it will be vital that the United States establish and maintain the types of partnerships that help us protect and promote our interests and that give us the ability to help shape and influence outcomes. This requires patience, creativity, and flexibility in an ever-evolving environment.

We recognize that all democracies require certain basics in order to succeed. In any part of the world, democratic players have an obligation to reject political violence and lay down their arms. They acquire power through transparent, competitive, and inclusive processes, and establish transparent, predictable, and accountable public governance under the rule of law, with equal access for all, and regular mechanisms for the transfer of power. They actively engage citizens, the private sector, and civil society in public decision-making, including through upholding the rights of citizens to organize, assemble, speak, and access information through independent media and internet freedom. And they must respect and protect fundamental human rights for all citizens, regardless of religion, ethnicity, or gender. These are the demands of civil societies in the region and the standards we will use to judge which political actors are credible, and which are not. We reinforce this message at all points of our engagements in and outside the region.

Second, we recognize a strong role for inclusive economic growth in supporting regional stability and the success of political transitions now underway, and an urgent need for expanding economic opportunity to meet the demands of the region's burgeoning youth demographic. Trade and investment remain crucial motors for economic development and job growth, contributing to internal development and political advancement as well as overall regional stability and enhancing prospects for regional peace. Increased trade will expand markets for U.S. exporters of goods and services, and enhance on-going reform efforts and engagement with international norms. We must support equitable, transparent, and predictable access to economic resources and opportunity, and prevent the capture of public institutions, resources, and markets by narrow private interests through corruption, monopolization, and other activities destructive of the common good. No real change will occur without a new

growth model, a rule-based framework, a much bigger role of the private sector, and a more inclusive economy, hinging on competition rather than only on connections.

Thus, in FY 2013, one of the US Government's and Bureau's top priorities will be to continue promoting political and economic reforms across the region, ensuring that our assistance and our diplomatic engagement support political and economic outcomes along dimensions that matter to citizens in the region: transparent government institutions that better respond to the needs of citizens and ensure access for all; jobs and economic growth; and a strong voice in the political process and decision-making of their countries.

As the processes underway in the region's societies are manifold and complex, we promote positive changes and reforms through diverse means that press on and offer support to governments to make progress, and that strengthen civil societies' ability to voice their demands and engage in shaping their countries' futures. We must appreciate that the coming period of transition will bring a period of uncertainty and challenges and that building productive partnerships with new governments and newly empowered citizens will require that we deploy the full range of our tools and a commitment to sustained engagement. We cannot expect to secure lasting, positive partnerships with stronger, more stable and democratic states in the region without investing now, and sticking with it.

The Bureau will bring to bear a number of bilateral and regional mechanisms to promote reform. A key regional mechanism for the Bureau will be the U.S. Middle East Partnership Initiative (MEPI) which will work throughout the region to act flexibly and effectively in providing assistance to democracy and civil society advocates striving for change. MEPI programming will continue to place an emphasis on working directly with indigenous activists and organizations, providing them with tools to be effective in advancing reforms. MEPI's work complements the new efforts to promote reform through the MENA-Incentive Fund and provides the Bureau with the ability to respond quickly and effectively to opportunities in the region, anticipated and unanticipated.

Over the past year, we have mobilized over \$500 million from the State and USAID budget to support the transitions in the region and lay foundations for sustained progress. As we look to the critical year ahead, we seek to secure the tools and resources we need to pivot toward a sustained posture that promotes political and economic foundations for democracy, and engages new forces shaping countries and governments in the region. If we fail to engage, we risk reinforcing public cynicism and losing influence in a region critical to U.S. interests. If we succeed, we have a

very real opportunity to generate lasting stability, security, and prosperity that serve vital U.S. strategic interests.

I would like to highlight our ongoing efforts along these lines in a few of the region's countries, and explain how we see our efforts expanding and solidifying the early progress that has already been made.

Tunisia

As the first country to undergo upheaval and revolution last year, Tunisia and the success or failure of its democratic transition will send a strong signal to the rest of the region. We will continue to strongly support the Tunisian people as they lay the foundation for a future of economic prosperity that empowers youth and educates them for the future, strengthens civil society, protects the human rights of all Tunisians, women and men, and solidifies the foundations of democracy.

Since January 2011, we have committed over \$297 million to Tunisia in support of the country's transition. In the aftermath of Ben Ali's ouster, MEPI rapidly mobilized assistance, responding to immediate political needs of the democratic transition. MEPI quickly realigned its budget to fund programming that trained poll workers; helped build political party capacity; assisted civil society and the media to monitor and publicize election preparations; increased women's participation in the political process; and launched job placement and entrepreneurship programs for youth throughout Tunisia. Recent MEPI projects have resulted in an increased number of youth interested in promoting reform and holding their local governments accountable. MEPI also supports youth who serve as domestic election observers, encouraging them to be fully engaged citizens.

While Tunisia has charted impressive political progress, the government's ability to meet post-revolution socio-economic growth targets is strained by lost remittances, diminished production, and plummeting tourism and exports. We are thus providing a \$100 million cash transfer (included in the \$297 million above) to give short-term fiscal relief to the Government of Tunisia, so that it can invest in key Tunisian development priorities, including accelerating economic growth and job creation. The cash transfer and the policy-reform benchmarks attached to it speak to the interconnectivity of economic growth, good governance, and expanded opportunity illustrated by the Tunisian revolution, and for which we seek to provide continued assistance. Treasury, USAID, and other partners have also been working to bring critical tools to bear – including the loan guarantee authority Congress provided in the

FY 2012 appropriations – to relieve Tunisia’s fiscal pressures and create opportunities for long-term political and economic success.

Egypt

We have arrived at a crucial moment in Egypt’s transition. Over the next two months, Egypt is scheduled to elect a president, swear in a new Cabinet, devolve power from military to civilian leadership, and continue drafting its constitution. It is in our interest to help Egypt emerge from this critical phase successfully. We are looking to build a strong relationship with the next Egyptian government in order to engage them effectively on the entire range of our interests, including promoting respect for human rights, preserving the Peace Treaty with Israel, and building the kind of broad and deep relationship that will ensure that Egypt is a force for regional stability and peace long into the future. We continue to call on the Egyptian government to drop all charges against the employees of non-governmental organizations (NGOs), and want to work with the incoming democratically-elected Egyptian government to protect all basic freedoms, particularly the freedom of association, through a revised NGO law that meets international standards.

We are deeply concerned about the fact that Egypt’s government faces a projected financing gap of approximately \$11 billion over the next 18 months. The prospect of a severe economic crisis represents a major risk to Egypt’s transition, with the potential for serious negative consequences for the entire region. Indeed, our ability to pursue many of our goals in Egypt -- including encouraging reform, protection of universal rights, and support for civil society -- and elsewhere in the region depends on a stable economic situation and avoiding a crisis. We are working to build support in Egypt for an IMF loan of \$3.2 billion, which could help mitigate such a fiscal crisis. But, while the IMF’s support would be central to an international approach to help Egypt’s economic stabilization, it will not be enough by itself to help Egypt close its financing gap. Other donors will be needed. The IMF Board is looking for commitments to a robust package of multilateral and bilateral support to follow on its program.

Syria

This Administration continues to believe that a political solution offers Syria the best hope for preserving its territorial integrity, forestalling a full-fledged civil war, and achieving an orderly, stable, and comprehensive political transition. We also believe that an authentically democratic and Syrian-led transition cannot take place without Assad’s forfeiture of power. To that end, we have placed enormous and growing

diplomatic and economic pressure on the Asad regime and have persuaded others to do so, while also supporting the civilian opposition with training and non-lethal equipment to facilitate its efforts to organize, network, and communicate internally and internationally. We are advancing efforts aimed at promoting accountability for the regime's actions, particularly by assisting and training Syrians and partner organizations in documenting the human rights violations and abuses in preparation for prosecution or other accountability or transitional justice processes. This is in addition to nearly \$33 million in much-needed humanitarian assistance that we have provided.

We joined the Syrian opposition and the international community in welcoming Kofi Annan's six-point plan because we viewed it as a process through which the regime might be forced to end the bloodshed and Syrians would finally be able to stand up and be heard without fear of being killed. But we were never optimistic that the regime would honor its promises, and unfortunately, the killing has continued. In light of this, and as U.S. Ambassador to the United Nations Susan Rice has said, we will work to ensure there are consequences if the Syrian regime continues to ignore the U.N. Security Council's decisions and continues its murderous assaults on the population. Those perpetrating atrocities must be held accountable.

Prolonged violence in Syria risks destabilizing others in the region, particularly Syria's neighbors that are hosting displaced Syrians. Jordan, already facing significant economic challenges, is under added strain due to the costs of accommodating displaced Syrians entering the country, on top of the negative impact of instability on tourism, trade, and other sectors. The Jordanian government has requested additional economic assistance from the international community to cover shortfalls stemming from recent instability. At the same time, Jordanians have joined populations elsewhere in the region in calling for social and political reform from their government, and we have been encouraged by Jordan's progress along these lines. In this sense, the horrific oppression and violence we have seen in Syria not only threatens Syrians - it threatens to impede progress in other countries. In order to mitigate this risk, we are working closely with the Jordanian government to help prioritize its needs and identify possible sources of bilateral and multilateral assistance.

Looking ahead: The MENA-Incentive Fund

The Arab Spring is an unprecedented opportunity whose stakes are incredibly high – for the region and for us. Over the next few years, there will likely continue to be political upheavals with pivotal consequences for U.S. relations and our regional strategy. In the longer term, the region badly needs to enact and sustain political and

economic reforms to tackle the challenges that have always been embedded in their postcolonial governance structures.

Events over the last year and a half have opened new avenues for these reforms to move forward and address longstanding flashpoints that would otherwise continue to feed instability. If transitions fail and reforms do not consolidate and take root, the destabilizing consequences could be grave. We need to seize the opportunity – to secure our interests, to reinforce stability through democratic practices in the region, and to forge new relationships with the peoples of the region. To do so, we need new tools that support long-term reform and that enable us to respond swiftly to new developments and ensure that disillusionment does not set in. That is why we have requested a \$770 million Middle East and North Africa Incentive Fund (MENA-IF).

We need to be able to create dynamics – and incentives – that promote the right kind of choices by leaders in the region over the longer term. From my discussions with counterparts in transitioning countries, there is no doubt in my mind that there is a strong desire to work with us to implement reform. We've designed the MENA-IF to be responsive to those country-led reform movements, with resources that we can deploy in response to credible reform agendas that are validated by citizens in partner countries and experts and stakeholders in the U.S. Partners will be accountable for meeting public and transparent reform benchmarks, with disbursement of funds tied to progress. It will incentivize meaningful and sustainable political and economic reforms by tying assistance levels to progress.

We will work with governments to develop reform plans and identify projects that create inclusive, market-based economic growth and build effective, democratic governance and vibrant civil societies. We expect project proposals to support democratic governance and human rights, to promote security and justice sector reform, to strengthen regional trade and investment architecture, and to promote private sector job growth. We would rely upon the funds in the MENA-IF to support discrete projects or activities that complement and support the host governments' own actions, focusing our efforts where particular U.S. experience and expertise is needed. We've requested a longer period of availability (five years) than typical assistance funds, allowing the U.S. to commit to longer-term support and to disburse resources as progress is made. The fund also carries additional legal authorities that will allow us to tailor our assistance tools to circumstances and enhance incentives by responding to needs identified by partner countries.

We may also use a portion of the funds to provide immediate stabilization support to countries in transition, as we did this year with Tunisia, Egypt, and Libya.

Finally, recognizing the critical role of civil society in both creating demand for reform and holding governments responsible for it, the fund includes resources to support civil society's role in identifying necessary reforms and providing accountability for implementation. MEPI, with its long history of indigenous civil society support, will play an essential role in this effort.

We could not have predicted the fast-moving changes in the Middle East and North Africa over the past sixteen months, and we've done our best to reallocate significant existing resources to meet these new needs. It will be equally challenging to predict how the region will look come the beginning of FY 2013. That is why we need this account funded at this level to provide us the flexibility to promptly address the possible paths that the region could take as it evolves over the coming years.

Middle East Peace

The region's dramatic changes present both risks and opportunities, and we understand Israel is concerned about the implications these changes may have on its security. As the President has made clear, our commitment to Israel's security is ironclad. The United States and Israel are working together at an unprecedented level of policy coordination to ensure we understand each other's perspectives and concerns, and fully support each other as we consider the implications of change in the region. My colleagues throughout the U.S. government and I are working to ensure that security assistance and arms sales to the Middle East are appropriate, and we remain absolutely committed to maintaining Israel's ability to defend itself and its Qualitative Military Edge (QME).

We also continue to recognize that the best way to guarantee Israel's long-term security is through a comprehensive peace among all parties that settles all claims. For that reason, we remain committed to realizing a comprehensive peace in the Middle East that includes a secure Israel side-by-side with a viable Palestinian state. The United States continues to support a future Palestinian state that is democratic, capable of providing law and order, economically prosperous, a responsible neighbor to Israel, and a source of stability and moderation in the region. An effective Palestinian Authority (PA) government that remains committed to the Quartet's foundational principles for peace, including the recognition of Israel, renunciation of violence, and respect of previous agreements, is a vital component of any peace agreement.

The continued reform and development of Palestinian economic and governmental institutions, as well as the continued professionalization of the security forces, are essential for the viability of a future democratic Palestinian state that would

live in peace and security with Israel. Budget support to the Palestinian Authority (PA) is among the most direct and immediate means of helping the PA build the foundations of a viable, peaceful future Palestinian state. That is why we have requested \$150 million in direct budget support in FY 2013. Additionally, the \$70 million in Palestinian Authority Security Forces (PASF) assistance for 2013 and beyond is intended to provide the PA with the ability to maintain their security forces and infrastructure. Our work in this area has been essential to the creation of professional and reliable PASF that both Palestinians and Israelis can trust, and that has had a very positive effect on the security situation in the West Bank. The ability to maintain security and fight terrorism is a fundamental building block for peace and an essential element for a future negotiated settlement, benefiting Israelis and Palestinians alike.

Countering Threats and Advancing Civilian Security

Our commitment to the security, stability, and prosperity of our allies remains strong. Consistent with our reform priority, we will remind our allies that effective and credible reform is an essential path toward a more stable and secure region, and we will support them as they make headway. We will counter threats to regional security by continuing our close cooperation with allies on military and security matters. Our FMF and IMET programs support this goal with a view toward instilling professionalism within the military ranks as well as interoperability between U.S. forces and its allies. More professional militaries are less likely to block necessary political reform efforts. We will also support the stability and prosperity of our allies by encouraging regional economic reform, integration, and growth beyond the hydrocarbon sector. Advancing entrepreneurship, the development of small and medium-sized enterprises, and the participation of women and youth in the formal economy can help address the long-term structural problems of unemployment and lack of economic opportunity that contribute to regional insecurity.

Terrorism remains a threat to U.S. interests and citizens across the region. We will continue our robust counterterrorism efforts, partnering with our allies to counter threats posed by terrorist groups operating in the region. The Trans-Sahara Counter Terrorism Partnership remains an effective, regional approach to counter Al Qaeda in the Maghreb. Our assistance to the Lebanese Armed Forces (LAF), including the \$75 million FMF request (part of the \$167 million total Lebanon bilateral request), helps Lebanon's legitimate security institutions protect Lebanon's stability. Support to the LAF undermines Hezbollah's false claims that it is defending Lebanon, when, in fact, Hezbollah cynically puts Lebanon at risk.

Finally, bringing political stability to Yemen is critical in the fight against Al Qaeda in the Arabian Peninsula (AQAP). Last year's political crisis allowed AQAP to seize territory in southern Yemen, attract new recruits, and expand its presence. We will continue to provide security and counterterrorism support to combat the common threat of violent extremism, but we must also continue to deliver robust humanitarian and economic aid to help counter the long-term drivers of instability. I cannot overstate this important link, because our approach to Yemen is truly comprehensive. The Yemeni people have already taken important steps on the path to unity, stability, and security, but, initiating a political transition is an important beginning. We remain focused on supporting a peaceful political transition in Yemen and we will continue to stand by President Hadi and the Yemeni people as they take steps to realize a more secure, prosperous, and democratic future. The total Yemen FY 2013 bilateral request is \$76.7 million.

Generally, our support for legitimate governments is the best means of countering violent extremism. The peaceful transitions in Tunisia and Egypt fundamentally undermine the extremist message that violence is the only path for political change. Providing an opportunity for an alternative, non-violent path to genuine political transition de-legitimizes extremist groups and reduces their appeal.

Our Maturing Relationship with Iraq

For close to a decade, the relationship between Iraq and the United States was defined primarily in security terms. Yet, during this time, we were laying the groundwork for the next phase of this relationship – an enduring strategic partnership that encompasses a broad range of mutual interests. We are moving forward guided by the U.S.- Iraq Strategic Framework Agreement, the agreement signed in November of 2008 that codifies our civilian cooperation.

U.S. foreign assistance aims to build the capacity of the Iraqi government and civil society institutions to improve governance and transparency, bolster Iraq's private sector, and diminish the causes of sectarian and ethnic violence. We will provide humanitarian assistance to displaced Iraqis and minorities, improve policing with our Police Development Program, and help strengthen Iraq's ability to defend against security threats. In order to ensure Iraqi buy-in and long-term sustainability, the State Department continues to implement our policy of requiring matching investment by the Iraqi government.

We planned conservatively in preparing for the biggest military to civilian transition since the Marshall Plan in a context of significant uncertainties – foremost,

security. This required planning for a large, complex and self-sufficient diplomatic platform to manage any and all security scenarios. It also meant engaging a large number of contracting staff to support our diplomatic missions throughout the country. Fiscal year 2013 will be the first full fiscal year during which the State Department is responsible for many support functions that were once performed by the U.S. military, including transportation and life support. We planned all along, however, to transition our operations to a more traditional model as conditions permitted, reducing contractors, hiring more Iraqis, and consolidating operations.

While challenges clearly remain, Iraq and the United States share an elemental goal: a united, self-reliant, democratic, and prosperous Iraq, well-integrated in the region, with a government that serves the needs of its people.

Holding Iran Accountable

Iran must come forward and demonstrate to the world that its nuclear program is for exclusively peaceful purposes. Iran's return to the negotiating table is a first step in what we hope is a sustained process of serious dialogue with Tehran that could lead to a diplomatic solution to the Iranian nuclear issue. Iran must comply fully with its international nuclear obligations, including suspension of uranium enrichment as required by multiple UN Security Council resolutions and full cooperation with the IAEA in its investigation into Iran's nuclear program, including its possible military dimensions. We will maintain pressure through sanctions and we will work with our allies in the region to maintain security in the face of threats from Iran.

We will also continue to strongly advocate for upholding the human rights of Iranian citizens. The Administration has made it clear that the U.S. government strongly supports rights that are universal to all human beings, including the right to speak freely, the right to assemble without fear, and the right to the equal administration of justice. The United States condemns the Iranian government's continued brutal repression of nearly all elements of civil society through the use of unwarranted arrests, prolonged detentions, and violence against its citizens. We further remain concerned about the Iranian government's attempts to draw an "Electronic Curtain" around its citizens to prevent the free flow of information in and out of Iran.

The Bureau will continue to help build Iran's civil society, nourishing outlets that enable the free flow of communication—on the Internet, in journalism, and in the arts. Iran programs support initiatives that preserve and expand political space for Iranians to discuss good governance and justice; improve the Iranian public's ability to

hold the state accountable; and promote respect for human rights and the rule of law. Our funding promotes freedom of expression, the strengthening of civil society capacity and advocacy, as well as increased awareness of – and respect for – human rights, the rule of law, good governance, and political competition. These initiatives will be implemented through traditional development methods as well as harnessing of new technologies.

The Bureau is expanding its ability to engage with Iranians and monitor the political, economic, and human rights conditions within Iran. Our Iran Watchers at posts generate invaluable information about trends within Iran and represent a growing cadre of diplomats with expertise on Iran. The Bureau will continue to expand and refine the Iran Watcher program to facilitate closer monitoring of Iranian issues throughout the region.

We have also significantly boosted our ability to reach out directly to the Iranian people through social media and our Persian language spokesperson, who has conducted over 50 interviews on television and radio programs broadcast into Iran. In December 2011, we launched the Virtual Embassy Tehran, which has so far received over two million hits despite Iranian government blocking. Our Persian language outreach via Twitter, Facebook, YouTube and Google+ allows us to have regular conversations on U.S. policy with as many as 65,000 Iranians.

Enhancing Infrastructure to Effectively Support Robust Engagement

Events in the region highlight the need for us to have a well-resourced and flexible infrastructure platform. We have authorized five ordered departures over the course of the Arab Spring, highlighting the challenging environment in which our diplomats work. We need an up-to-date, secure infrastructure that will allow us to conduct our diplomacy. We will also need sufficient human resources to enable us to increase bilateral and regional engagement and public outreach towards goals of peace and stability, provide adequate management in support of expanded interagency programs promoting these goals, and create the domestic capability to rapidly respond to field needs. Broader engagement demands greater capacity.

Our FY 2013 foreign assistance request reflects the support we need to address the emerging priorities of the region and protect our core interests, with an appreciation for these tight fiscal times. I would like to thank the subcommittee again for holding this hearing, and I look forward to answering your questions.

Mr. CHABOT. Thank you very much, Mr. Ambassador, and also I would note perfect timing as far as keeping within the limits. Excellent, and good testimony as well.

Ms. Rudman, you are recognized for 5 minutes. Thank you.

STATEMENT OF THE HONORABLE MARA RUDMAN, ASSISTANT ADMINISTRATOR FOR THE MIDDLE EAST BUREAU, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. RUDMAN. Thank you, Mr. Chairman. Mr. Chairman, Ranking Member Ackerman and members of the subcommittee, thank you for the opportunity to discuss our Fiscal Year 2013 budget.

We see in the Middle East a region of great hope and opportunity but also one facing daunting challenges. USAID's assistance, as part of a broader, coordinated U.S. Government effort not only delivers on America's values but also constitutes an investment in the safety, security and prosperity of this critically important region.

USAID's development experience allows us to address the basics that fueled the Arab Spring, people's desire for improved opportunities today and a better tomorrow for themselves and their children. We are responding to these aspirations and needs by providing assistance that helps citizens engage with their governments, and helps governments respond to the will of their people.

Our Fiscal Year 2013 budget priorities work to ensure that democracies everywhere share some crucial traits including a robust civil society, healthy institutions and legal frameworks that protect the basic rights of all citizens no matter their gender, religion or class. We are reaching out to new audiences, new partners, to more young people and increasing numbers of women, and to areas well beyond capital cities. Young people in these countries, women and men, want to participate in the economic as well as political future of their societies.

We have recognized the need to be more agile and flexible in our approach. As we do so, we continue to rely on our core strengths, knowledge of the societies in which we work, experience in political and economic transitions worldwide, and a dedicated team of Americans and local staff working to help people who are struggling to make a better life.

Our budget request for Fiscal Year 2013 in the region is \$1.4 billion, the MENA IF request is on top of that. Countries in the region contend with similar development challenges that are coming from different places in terms of their recent political history, so the nature of our approach and our assistance differs. In countries that are experiencing violent unrest, such as Syria, USAID as part of a coordinated U.S. Government effort has stepped in to provide vital humanitarian assistance.

In Egypt, Tunisia and Yemen, each experienced its own unique transition. USAID has provided varying types of support for economic growth in civil society work. Still other countries in the region are experiencing quieter transformations. Morocco and Jordan are moving forward with reforms to enhance citizen participation and voice in government as well as to create opportunities for the future.

In Lebanon, USAID is supporting development of economic opportunities, supporting civil society and citizen engagement and

contributing substantially in the education sector where we support programs for meritorious youth from underserved areas.

In Iraq, in Fiscal Year 2013, USAID's focus is on helping Iraqis use their own resources to build a self-reliant country by continuing support for the development of governing institutions at all levels and working with civil society organizations including to assist vulnerable populations to assert their rights and entitlements.

In the West Bank in Gaza, the United States' goal is to achieve comprehensive and lasting peace. We seek to operationalize this through two tracks. Negotiations to establish a Palestinian state, and support for Palestinian institution building, so that the new state has the capacity to govern and to help ensure security, stability and needed services. USAID's work is critical to implement this second track.

USAID coordinates closely with our colleagues at State to design and support effective programs. We will work with our State colleagues and those at other government agencies on the \$770 million Middle East and North African Incentive Fund, the MENA IF, which Assistant Secretary Feltman has discussed and is proposed in the President's Fiscal Year 2013 budget. This fund, which is designed in part to reward those governments with the political will to commit to economic and political reforms that will support democratic change, building effective institutions and broad-based economic growth, is critical for our ability to work throughout the region and we welcome questions on it. New programs like the MENA IF leverage the remarkable recent transformation that has occurred in the region.

The storyline in the Middle East is continuing to evolve, no doubt about it, but it is clear that the future of the Middle East is firmly in the hands and the hearts of people in the region. I am confident that the President's Fiscal Year 2013 budget, including the investments we have proposed, lays the groundwork for USAID and our fellow agencies to address the challenges and advance the beneficial change we have begun to see in the region.

We all appreciate the opportunity to appear before you today and we are happy to answer your questions. Thank you.

[The prepared statement of Ms. Rudman follows:]

**Written Statement of Mara Rudman
Assistant Administrator, Bureau for the Middle East
U.S. Agency for International Development
House Committee on Foreign Affairs, Subcommittee on the
Middle East and South Asia**

*“Assessing U.S. Foreign Policy Priorities and Needs Amidst
Economic Challenges in the Middle East”
May 9, 2012*

Chairman Chabot, Ranking Member Ackerman, and members of the subcommittee: thank you for the opportunity to discuss USAID’s FY 2013 budget and the efforts we are making to meet development needs and address U.S. national security interests in the Middle East.

We see in the Middle East a region of great hope and opportunity but also one facing daunting challenges. USAID’s assistance—as part of a broader, coordinated U.S. Government effort—not only delivers on America’s values but also constitutes an investment in the safety, security, and prosperity of this critically important region.

USAID’s development experience allows us to address the parallel needs that fueled the Arab Spring: the people’s desire for opportunities today and a better tomorrow for themselves and their children; the desire of citizens to participate in decisions that affect their lives and their families; the desire to work in economies and be part of societies that are free of corruption.

Under Dr. Rajiv Shah’s leadership, USAID is responding to these aspirations and needs by providing assistance that helps citizens engage with their governments and helps governments respond to the will of their people.

Our FY13 budget priorities work to ensure that democracies everywhere share some crucial traits, including a robust civil society, healthy institutions and legal frameworks that protect the basic rights of all citizens, no matter their gender, religion, or class.

Young people in these countries—women and men—want to participate in the economic as well as political futures of their societies. Nearly two-thirds of the population in the Middle East is under the age of 30. The region has the highest rate of youth unemployment in the world, with 24 percent of young people out of work. In most Arab countries, youth constitute over 50 percent of the unemployed. The region also has the lowest female labor force participation rate in the world. Women make up the majority of the college-educated unemployed, and most of these women are in this youth bulge. Our programs work in communities to create opportunities for youth, a critical issue voiced in the protests.

We are reaching out to new audiences, new partners, to more young people and increasing numbers of women, and to areas well beyond capital cities. For example, in Egypt since the revolution, a striking 40 percent of grant recipients are new partners for USAID; two-thirds of the recipients are local Egyptian organizations. We have recognized the need to be more agile and flexible in our approach. As we do so, we continue to rely on our core strengths: a deep

knowledge of the societies in which we work, extensive experience in political and economic transitions worldwide, and a dedicated team of Americans and local staff working to help people who are struggling to make a better life.

Our budget request for FY13 in the region – not including the new MENA Incentive Fund – is \$1.4 billion. This request will fund our missions in the region. We also have done extensive work over the past year in Libya and Tunisia, countries without missions. Countries in the region contend with similar development challenges including a large youth bulge, an underperforming economy, water scarcity, gender inequity, and weak governance. But despite their similarities, they are coming from different places in terms of their recent political history. So the nature of our approach and our assistance differs.

In countries that have experienced recent violent unrest, such as Syria, most recently, USAID—as part of a broader, coordinated U.S. Government effort—stepped in to provide vital humanitarian supplies. We are continuing our humanitarian commitment in Syria by contributing approximately \$18 million to the U.S. Government’s total of nearly \$33 million effort to provide clean water, food, blankets, heaters, and hygiene kits to those affected by the unrest.

In Egypt, Tunisia, and Yemen, each experiencing its own unique transition, USAID has provided support for economic growth and political participation/civil society programming. USAID is providing critical economic assistance to help Egyptian workers in some of the country’s most economically disadvantaged areas through an \$11 million short-term jobs program, which will create thousands of jobs and provide first time water and wastewater services for more than 600,000 people in the poorest areas of Egypt. And along with other international donors, we helped train domestic election monitors in support of Egypt’s historic elections in November 2011.

In Tunisia, the United States Government’s assistance totals \$297 million, including \$100 million for the Tunisia Cash Transfer, \$20 million for the Enterprise Fund, \$30 million in loan guarantees, and \$22 million for transitional programs. Programming to date has focused on assisting Tunisia’s nascent civil society, encouraging participation in the October 2011 Constituent Assembly elections, and supporting both government and community efforts to increase transparency and engage citizens in an ongoing political reform process. In advance of the elections, USAID provided assistance with civic education and information dissemination, including a nationwide get-out-the-vote campaign targeting women and training for political parties to promote political participation.

USAID also is planning a major economic growth project in Tunisia’s information and communications technology (ICT) sector to support small and medium enterprise development, as well as skills training and placement into local ICT firms. It will create mutually beneficial linkages with the U.S. private sector by certifying Tunisians in Microsoft and Oracle systems. This project also contributes to broader U.S. economic engagement with Tunisia, which is especially important since measurable progress in the country can bolster democratic change and economic reforms, both in Tunisia and elsewhere in the region. USAID has also recently signed an agreement to provide \$100 million in Cash Transfer assistance to the Government of Tunisia to support its economic stability through debt payments to the World Bank and African

Development Bank. This budget support will allow the Government of Tunisia to invest an equal amount in domestic priority projects.

And in Yemen, USAID is committed to helping the new government implement their November 2011 transition agreement, which includes a National Dialogue process, constitutional and electoral reform, and the holding of elections. Our work will build on recent program successes. For instance, in February of this year, USAID supported Yemeni citizens in the country's first post-transition vote by providing support to the Supreme Commission on Elections and Referenda and working with Yemeni political parties and civil society organizations to support voter education and citizen monitoring. USAID also helped make possible the first public hearing in the history of Yemen's Parliament and developed cash-for-work infrastructure rehabilitation projects that have provided short-term employment for over 7,000 at-risk youth. Looking ahead, USAID will continue assisting national political processes, while supporting local service delivery and economic recovery in key rural and urban districts.

And, as I saw first-hand during my recent trip to Yemen in February, we are also playing a key role in providing critical health services to the neediest Yemenis, including those displaced by the waves of violence that swept the country. We are helping to support 15 mobile medical teams, which are clinics on wheels that provide lifesaving medical care to people in marginalized regions. Each of the 15 mobile clinics serves 2,000 beneficiaries per month. USAID will continue to support a dialogue with Yemeni officials, private water firms, and donors to build consensus around water management and conservation issues. In addition, USAID provides water, sanitation, and hygiene programs in Yemen that work to increase access to safe drinking water and reduce the risk of waterborne diseases.

Still other countries in the region are experiencing quieter transformations. Morocco and Jordan are moving forward with reforms to enhance citizen participation and voice in government, as well as to create opportunities for the future. For example, in Morocco, over 1,000 young civic leaders and 350 associations that benefited from USAID's programs were able to advocate for the inclusion of their proposals—including a proposal to create a Consultative Council on Youth and Civic Action—in the Kingdom's new constitution.

Lebanon is recovering from long-term conflict and instability, and USAID is supporting development of economic opportunities, strengthening governance, supporting civil society and citizen engagement, and contributing substantially to water sector improvements. We also make significant contributions in the education sector, where we support educational programs for meritorious youth from underserved areas. I met with a group of these students at Lebanese American University, and I can attest to the merit of the students selected, the value they are gaining from the program, the gratitude they expressed to the United States for providing them with such an opportunity, and the gains we will reap from such programs.

U.S. engagement in Iraq is now exclusively under civilian leadership. The next few years will allow us to consolidate our strategic, long-term partnership with a multiethnic, multi-sectarian democracy. USAID support in FY 2013 is important to strengthen this partnership. We will focus on helping Iraqis use their own resources to build a self-reliant country. This will include continuing support for the development of governing institutions at all levels, including district

and neighborhood councils, once elections are held in 2013 under the Provincial Powers Law. USAID support to Iraq's Independent High Electoral Commission to administer local elections will be critical. We will work with civil society organizations to connect grassroots community groups with decision makers in government and to assist vulnerable populations to assert their rights and entitlements under Iraq's civil code. And, we will continue to work with Iraqi microfinance institutions, the private banking sector, and the Central Bank of Iraq to expand access to credit for Iraqi small and medium enterprises, to strengthen the financial sector, and to promote reforms that will encourage private sector investment.

In the West Bank and Gaza, the United States' goal is to achieve comprehensive and lasting peace in the Middle East. We seek to operationalize this through two tracks: (1) negotiations to establish a Palestinian state, and (2) support for Palestinian institution building so that the new state has a capacity to govern, and to help ensure security, stability, and needed services. USAID's work is critical to implement this second track.

USAID's program in the West Bank and Gaza supports Palestinian state-building by providing assistance in the areas of democracy and governance; security and rule of law; education, health and humanitarian assistance; private enterprise; and water resources and infrastructure. USAID will also provide direct budget support to the Palestinian Authority (PA); this is among the most direct and immediate means of helping the PA maintain and build the foundations of a viable, peaceful Palestinian state.

Our programs in the West Bank and Gaza—and our development efforts throughout the Middle East—seek simultaneously to advance U.S. goals of security and partnership and to respond to the needs voiced by citizens of the region.

USAID coordinates closely with our colleagues at State, and those at other agencies also involved in assistance efforts, to design and support effective programs. For instance, in FY 2013 USAID will work with the State Department and other government agencies on the \$770 million Middle East and North Africa Incentive Fund (MENA IF) proposed in the President's FY 2013 Budget, which is designed in part to reward those governments with the political will to commit to economic and political reforms that will support democratic change, building effective institutions, and broad-based economic growth.

New programs like the MENA IF leverage the remarkable recent transformation that has occurred in the region. The storyline in the Middle East is continuing to evolve, but it is clear that the future of the Middle East is firmly in the hands and hearts of people of the region. The United States can have a positive impact on that future not only by how we help ensure that elections are free and fair and that all who abide by the rules of non-violence and democratic process are able to participate, but also by how we continue to help get running water to homes, help create opportunities where they are desperately needed, and help people develop a government that provides them with the services they need and deserve. In doing so, we are not only showing the compassion of the American people but we are also lending tangible support for changes that we believe will keep America and the Middle East safer in the future.

As Secretary Clinton has said, "These revolutions are not ours. They are not by us, for us, or against us, but we do have a role. We have the resources, capabilities, and expertise to support those who seek peaceful, meaningful, democratic reform. And with so much that can go wrong, and so much that can go right, support for emerging Arab democracies is an investment we cannot afford not to make."

I am confident the President's FY 2013 budget, including the investments we have proposed, lays the groundwork for USAID to address the challenges and advance the beneficial change we have begun to see in the region.

I appreciate the opportunity to appear before you today, and I'm happy to answer your questions.

Mr. CHABOT. Thank you very much.
Mr. Ward, you are recognized for 5 minutes.

STATEMENT OF MR. MARK WARD, DEPUTY SPECIAL COORDINATOR FOR MIDDLE EAST TRANSITIONS, U.S. DEPARTMENT OF STATE

Mr. WARD. No statement, Mr. Chairman.

Mr. CHABOT. Okay, thank you. All right, we will move on to questions at this time, and I recognize myself for 5 minutes for that purpose. And I will open this to any of the folks who would like to address it.

It has been 6 weeks, approximately, since the Obama administration granted Egypt its full \$1.3 billion in annual military aid, despite the Egyptian Government's failure to meet conditions set by Congress for advancing democracy. In granting a waiver on national security grounds, administration officials argued that continuing the funding was more likely to encourage cooperation with the United States and progress on human rights than a cutoff would. But in a number of tangible ways, U.S.-Egyptian relations and the military's treatment of civil society have deteriorated since the waiver was issued back on March 23rd. The threat to non-governmental organizations whose prosecution triggered the threat of an aid suspension has arguably worsened. Furthermore, Egypt's Government-controlled press has continued a toxic campaign of anti-Americanism.

The State Department also argued that aid should continue because Egypt had stuck to the 1979 Camp David agreements with Israel. But after the waiver, the government unilaterally cancelled a deal under which it was supplying Israel with natural gas, for example. Given all of these deteriorations, was granting Egypt's military assistance through a national security waiver a mistake or not? And also, has the U.S. lost its leverage to push for democracy in Egypt through its military rulers, and what damage has this done, if any, in U.S. credibility in promoting democracy in the region?

And Ambassador Feltman, I would start with you but anybody else who wants to respond is welcome to do so.

Mr. FELTMAN. Mr. Chairman, thanks for the question. It is an extremely important topic that was subject to a lot of discussion. Inside the U.S. Government what was the best approach given the options on the table?

When you look at Egypt in the macro sense, I think you can see a lot of progress that has taken place over the past 1.5 years. There have certainly been problems. You have outlined many of them very eloquently. But we have also seen a country that has had multiple rounds for parliamentary elections that have been free and fair. You have had a military government that has as recently as this week reiterated its commitment to turn over power to civilian authorities by July 1st.

This is not business as usual in Egypt, anything but that. You have a transition that is underway, warts and all, moving forward toward that transfer back to civilian authority. The Egyptian military is going to be one of our partners in Egypt moving forward. I mentioned in my opening statement we need to be nurturing new

partnerships, we need to be cultivating old partnerships and Egypt is a good example. Egypt is critical to our national security interests. Whether it comes to arms smuggling, counterterrorism, Suez Canal, overflight issues, it is a key element to regional stability.

You mentioned the Camp David Accords. Egypt maintains its commitments to the Camp David Accords, and Egypt has made remarkable progress toward transition. This was the right decision that the Secretary made in offering the waiver. It doesn't mean that everything in Egypt has been going perfectly, but in a very broad sense you have had much more progress toward democratic rule in Egypt in the past 1.5 years than you had in 60 years, and that progress continues.

Mr. CHABOT. Then just a couple of things, and you did mention these, I would ask you to comment on those. One thing, the threat to nongovernmental entities that has continued on a course that we certainly don't think is particularly helpful, and then the campaign in the media there of ongoing anti-American rhetoric that has been ramped up and ramped up. And then of course you mentioned, yes, that Camp David Accords are still in existence, but when they cut off something as important as the natural gas supply to Israel, it certainly seems inconsistent with the spirit of the agreement. So could you comment on those three specifically?

Mr. FELTMAN. Yes. One reason why the Secretary waived rather than certified was because the freedom of association has had some good news and some bad news. The good news is that there are many more NGOs local, Egyptian NGOs operating at all levels across the country now. There is much more freedom for association than there was 2, 3, 4 years ago in Egypt today.

But there are still severe restrictions on some NGOs. We want the case against the American, German and other NGOs that is still underway to be dropped. And so the Secretary had waived the certification on the right of association because of the continuing restrictions, but there has been a lot of progress made. On the media there are many more free media options available to Egyptians now than there were a few years ago. There has been progress, but you are right, there is still state-controlled media that is putting out the sort of articles that do trouble us, and there is still some crackdown on bloggers and independent media. So it is another mixed bag, the reason why it goes to certification.

On the gas, Sinai gas, both sides have told us, the Egyptians and the Israelis have both told us this is a commercial dispute at this point and that they wish to resolve this through commercial negotiations, through commercial means, and that they would prefer that we not raise this as an issue at the political level because both sides are interpreting it as a commercial issue.

Mr. CHABOT. Thank you. My time has actually expired so I am going to at this point yield to the gentleman from New York, Ranking Member, for 5 minutes.

Mr. ACKERMAN. Thank you, Mr. Chairman. The region is beset with change. I think if you read the rollcall of nations within the region, everybody seems to be undergoing some kind of pressure, few of them are minor. Most of them are huge. Most of them have a dimension of tremendous uncertainty. Some of them have changed national leaders, some of whom who have left, some of

whom are on trial, some of whom are still there but we are trying to push out. Some of whom have governments that are incapable of governing. Some of them will have a government that is completely strange and unknown to us. Most of them seem to be having parties and candidates arise that were on our this-can-never-happen list, and on this-can-never-happen list of those people who are even in that country.

My question is, with all of this happening at the same time have we added any bodies or personnel to your agency, or any of our agencies, to deal with these additional problems which are on top of all the problems we have historically had, or do we just move people around and give people additional responsibilities who have been overburdened since the beginning of time?

Mr. FELTMAN. On the other side of Mara Rudman sits Mark Ward. He represents an entirely new office in the State Department, the Office of Middle East Transitions headed by Ambassador Bill Taylor who is currently, I believe, in Tunisia. And this is an office that was set up to address the very issue that you said, that we needed to have a unit in the United States Government that could look at these countries in transitions, now it is Egypt, Libya and Tunisia fall under this office, and see, are we doing everything in our power—

Mr. ACKERMAN. Let me rephrase the question.

Mr. FELTMAN [continuing]. For the most successful transition?

Mr. ACKERMAN. In addition to adding real estate or square footage in the form of an office, have we added additional people or have we moved other people around, or is this office or its furniture supposed to help solve the problem?

Ms. RUDMAN. We have done a few different things in the field. We have used, for example, the additional DLIs, and I am trying to remember what those initials stand for at the Agency for International Development. A new group of young personnel that have come into the agency over the last several years that have restored a lot of our staff strength.

So if you are asking have they been added specifically with the Middle East Transition, no, but have they given us a new group of people that can come out and help us out in the field, yes. In addition to that, in Tunisia and in Libya, we at USAID have put people into the field in temporary positions at this point to help to do more of the assistance work that is going on there, in very small numbers, but we have additional people in those two countries as well with our Office of Transition initiative staff more specifically assigned.

Mr. ACKERMAN. I am just unclear. You specifically said new young people. One might suspect that we need some senior thinkers rather than, I have the interns in my office, I think I will put them on this that week. I know Mr. Ward has been around for a long time and he has given some very useful testimony over the years to our committee. But are we just moving personnel around or have we actually increased the number of people, experienced people? Have we drawn from other sectors? Judging from the answers so far, it seems that we are trying to justify why we haven't rather than just saying, we haven't and we don't have the resources or the finances to add bodies.

Ms. RUDMAN. We are working within our existing resources, and Mr. Ward can speak to this as well. He can also explain——

Mr. ACKERMAN. Working within our resources means we haven't added anybody. We have moved people around.

Ms. RUDMAN. Correct. But also Mr. Ward can explain the DLI program as well, because that is, in fact——

Mr. ACKERMAN. Besides adding initials what does it mean? What is DLI?

Mr. WARD. It is new foreign services officers at USAID, Development Leadership Initiative, I think. What I was 25 years ago.

Mr. ACKERMAN. So we have had that program for 25 years. We have added nobody because of this problem or because of this additional challenge.

Mr. WARD. What we have done, Congressman, is for example, my boss, Ambassador Bill Taylor. Bill was retired. We brought him back. I was working in a completely different bureau at USAID, not working on the Middle East, and I was brought to focus just on this. As Ms. Rudman said, we have created new positions in Tunisia and in Libya and staffed them up with a mixture of junior officers but also senior officers.

Mr. ACKERMAN. But not new officers.

Mr. WARD. Not new, but you don't want——

Mr. ACKERMAN. Our chairman has been very generous. I am now 53 seconds above my 5 minutes when a no would have been sufficient and I would have got the point.

Mr. WARD. But just so you know, for example, the senior USAID officer in Tripoli is one of the most senior officers that USAID has.

Mr. ACKERMAN. But he was doing something else before that is my point. We have moved persons around, we have not added. We have not said we need another 12 bodies rather than say I will take three bodies from here and eight bodies from here.

Mr. CHABOT. The gentleman's time has expired, but go ahead if you can briefly answer it, Mr. Ambassador.

Mr. FELTMAN. Very briefly, in terms of the State Department we have been able to add a handful of new positions, but for the most part it has been shifting, looking at what the priorities are, seeing where do we really need surge capacity because of these transitions. So we have been able to respond but it has mostly been in-house.

Mr. CHABOT. And the gentleman's time has expired. The gentleman from Nebraska is recognized for 5 minutes.

Mr. FORTENBERRY. Thank you, Mr. Chairman. Given Mr. Ackerman's question I was actually reflecting fondly on our first meeting, Mr. Ambassador, I don't know if you recall this, in the room at the Beirut Airport where you were effectively trapped for a very long time in that country. So in that regard I think it is worth noting that your background and commitment to this region provides a deep reservoir of experience as we are going through very complex changes here. So I am grateful for your service in that regard and the continuity that you have provided.

Let me ask a couple of broad questions here. What happened to the Green Movement in Iran?

Mr. FELTMAN. As I think you know, the two leaders of the Green Movement have been under house arrest since February 2011. And

sort of second tier Green Movement leaders have been harassed, in some cases they have left the country. So there is no new leadership that has emerged to give the Green Movement real direction. The Green Movement still exists. You still see examples of protests across the country. But the sort of leadership function hasn't yet been filled after the house arrest of the top two and the harassment of the second two.

What we have been trying to do, Congressman, is continue to use the programs that we have available to provide tools to civil society inside of Iran so that they can organize, try to penetrate that electronic iron curtain that the Iranian regime has tried to put around the country, to get information that can hold the government accountable. So we have continued to try to provide tools to civil society actors with the idea that at some point new leadership will emerge that will have better access, information, technology because of the programs that we are running.

Mr. CHABOT. Would you—

Mr. FORTENBERRY. Go for a moment? Sure, Mr. Chairman.

Mr. CHABOT. I would just note for the record that I had an in-depth conversation with a top Middle East head of government not too long ago and this very topic came up. And he indicated to me that the Iranian Government had filmed all this stuff that was going on and they are systematically arresting and eliminating not only the individuals involved, but oftentimes entire families are wiped out. That is what the Iranian Government is up to in that most reprehensible government that now governs Iran.

And I yield back. Thank you, gentleman, for yielding.

Mr. FORTENBERRY. It certainly is a sad and difficult situation and there were a lot of courageous people who came forward and are still under persecution. It is our hope though that in making such commentary like this that there are responsible people throughout the world who are looking at the possibility of more rational players in Iran coming forward.

As perhaps a part of a convergence that could change the situation, and in this regard I want to talk about the economic sanctions and how potentially effective they are. There is a quote out of Iran recently that someone said, the soup is so salty that even a cook cannot taste it. In other words, some of these sanctions are beginning to potentially affect even the elites in Iran.

Do you think that that is true that the effective pressures, if you will, on even basic commodity prices are lending themselves to the strengthening of potential new players who could come along and provide more rational outcomes for that situation in terms of new leadership in the future or are we still in just a wait-and-see period?

Mr. FELTMAN. I certainly would agree with the comment that these sanctions are having an impact, and they are focusing the Iranian regime on the sanctions in a different way. The Iranian regime used to sort of boast that sanctions actually strengthened Iran that who cares about sanctions, we can do it all ourselves. That is not the case anymore. It is clear that the Iranian regime is looking at these sanctions and are very, very seriously concerned. And let us remember that the real impact of these sanctions, even the current round of sanctions, won't hit until July

when the existing oil contracts in Europe are suspended. So the soup is already salty even to the cook. It is going to become almost pure sea salt come July when these oil sanctions continue to hit.

Mr. FORTENBERRY. Will this reempower the potential engagement of new leadership in Iran that would capture the will of the people and bring about the potential for more rational players who can take a more responsible role in the geopolitical scene in the Middle East and on the international stage?

Mr. FELTMAN. I don't know at this point how long this is going to take, but what is clear is that all the countries that are talking to the Iranians, whether it is countries that still have relationships with Iran, whether it is countries like us using new media to get messages in, we are making it clear to the Iranian people that the reason why these hardships are there, the reason why these sanctions are there are because of the decisions that their own government leaders are taking.

Mr. FORTENBERRY. Thank you. Thank you, Mr. Chair.

Mr. CHABOT. Thank you. The gentleman's time has expired. The gentleman from Virginia is recognized for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Ms. Rudman, speaking of civil society, when I was in Egypt I met with the Egyptian and other representatives of the NGOs, and there is great concern in Egyptian civil society that the United States having successfully evacuated its own personnel, who are employees of these NGOs, we will abandon the Egyptians left behind who we hired and an implicit commitment that we will stand by them. They are still being arraigned. They are still being hauled before a cage in a courtroom. These are bright, young, educated people with passion who are trying to remake Egypt into a much more inclusive and participatory kind of society, with our encouragement, and they have been labeled as foreign agents and subject to the tender loving mercies of Egyptian justice.

What is the position of the United States Government, and I can ask you that too, Ambassador Feltman, and what are we doing to protect these young people, and what are we doing by way of representation to the Egyptian Government that it is not okay and that we will not abandon these young people? And I believe USAID funds these NGOs, doesn't it?

Ms. RUDMAN. We will both respond to the question but I will let Mr. Feltman respond first and then I will.

Mr. CONNOLLY. Okay, Mr. Ambassador?

Mr. FELTMAN. The Egyptian Government should drop all charges against these NGOs.

Mr. CONNOLLY. Should.

Mr. FELTMAN. Should drop all charges against these NGOs. They should have dropped all charges months ago against these NGOs, both the American NGOs and the others, German and Egyptian NGOs. We continue to provide legal advice. We have sent lawyers to Egypt to consult with the counsel for the defendants to provide information, advice. We have allowed them to use some of our own funding in order to pay legal bills. We continue to engage the Egyptians at all levels on this case.

And I would note of course that we went to bat with Interpol. When the Egyptians asked Interpol to put out red notices to de-

mand the arrest of 15 NGO workers, including 12 Americans, we immediately engaged with Interpol. Interpol agreed that this was a politically motivated case. They did not disseminate the red notices as requested by the Government of Egypt. The Government of Egypt should take its cue from Interpol's decision and drop these charges now.

Ms. RUDMAN. The work that we are doing we are doing together, State and USAID. So that you are absolutely right, Congressman, we are funding all of these organizations. We are funding a great deal of the legal work that is going on, and our lawyers, State and USAID lawyers are working hand in hand together in Cairo as well as back here in Washington continuing to provide the ongoing legal advice as well as in our communications with the Government of Egypt.

Mr. CONNOLLY. Well, let me just say based on my own meetings with Egyptian officials including at the highest level of the Egyptian military, until and unless the United States makes it painfully clear to them that this is of the highest order of magnitude to us and that this will affect bilateral relations including the release and flow of aid money to the military and to the economy, that it will injure our working relationship going forward. That it will affect attitudes certainly here in the Congress. I am concerned that to them it seems like a second tier issue that will fade in our attention. And I would suggest that the consequences of that are very serious, because I can assure you on both sides of the aisle in this Congress we are not going to let them go, and if necessary we will take legislative action to make that point painfully clear to the administration as well as to the Egyptian Government. But more importantly it has a cascading effect. You have already seen it in the United Arab Emirates. The signal being sent, and I suggest it is being misread, I agree with your respective characterizations, but I don't know that that has been clearly conveyed to the Egyptian Government or to others to our satisfaction. And I urge you strongly to make this very clear in all representations to officials of the Egyptian Government and the transitional government, it is not okay. We won't forget. We will persist and this will have consequences.

Mr. FELTMAN. Thank you for your words on that. We will use those words, Congressman.

Mr. CONNOLLY. That never occurred to me but feel free. Thank you, Mr. Chairman.

Mr. CHABOT. The gentleman yielded back his time. And I would like to join the gentleman in his emphasis on this issue and just say loudly and clearly, there is bipartisan agreement that the Congress is outraged relative to the treatment of the NGOs by the Egyptian Government in this matter. And this is across the board, and Mr. Connolly and I don't agree on too much but this is one thing that we agree on. We would probably agree on some other things too, but thank you very much for making your point. I appreciate it.

The gentleman from Florida, Mr. Bilirakis, is recognized for 5 minutes.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it again. Again on Egypt, the Coptic Christians make up 10 percent of the

population, roughly 13 million people, and have historically been discriminated against and persecuted by the Egyptian Government. Unfortunately this discrimination continues and Coptic Christians continue to live as lower class citizens.

What the question is for the entire panel, what priority if any has the State Department given to the plight of the Coptic Christian community? Does the State Department see the Coptic Christian community as an important part of a secure and democratic Egypt? Please give me specifics and explain.

Mr. FELTMAN. Absolutely, Congressman, we agree with you. In fact, it is not just in Egypt. We see religious diversity, the role of minorities as being important across the region. It plays into our response to the situation in Syria. It informs how we have engaged Iraqis on their minority—it is a principle that we use across the region, not solely in Egypt.

In Egypt I had the honor to join Anne Patterson in January for Coptic Christmas in Cairo. We went to two different services in Cairo in January to show by our physical presence the U.S. recognition of the role that Coptic Christians play of the importance of religious freedom in Egypt. There have been some worrying statements that trouble us coming out of Egypt and there have been some more encouraging news. For example, there was an anti-discrimination law that was passed in October that takes away some of the discriminatory practices that you are referring to that we hope can be built upon with the new government that comes in after July.

In addition, Al Azhar University, the primary Sunni Islamic theological school globally which is based in Cairo, issued a bill of rights, a so-called bill of rights, a few weeks ago that included very good language on freedom of religion, religion diversity, recognition of the role of the Copts. The Egyptian Muslim Brotherhood has signed on to that bill of rights. This is not enough. In particular, we are concerned about the lack of accountability in cases of sectarian violence. There have been horrible cases of sectarian violence in Egypt throughout this transition, and we have seen very little examples of accountability. We are pressing the Egyptians for the accountability needed to send a very strong message that acts of discrimination, sectarian violence will not be tolerated.

But we are already engaged with the current leadership of Egypt as well as the incoming presumed leaders, the members of Parliament, the members of these emerging political blocs, about the principles that should guide any healthy democracy worldwide, the practices that any healthy democracy take in order to ensure freedom of religion, religion diversity, protection of vulnerable minorities, promotion of the role of women, all of these things. We are engaged on this. They are top priorities, sir.

Mr. BILIRAKIS. Yes, please.

Ms. RUDMAN. And I would just add to that jumping off from what the Assistant Secretary said. In our programs with the problem that we have had a tremendous receptiveness from them, tremendous response from across the Parliament in terms of their willingness and interest in engaging in precisely the types of programming that the Assistant Secretary has described. In addition to that specifically on projects supporting religious freedom and toler-

ance, we have a project that works with media outlets to broadcast messages that reject extremism and violence and encourage positive dialogue between Muslims and Christians. We have a project that works with educators to disseminate information that is related specifically to tolerance and pluralism and peacebuilding within communities and is directed toward encouraging that dealing with vulnerable communities. So those are targeted to the challenges that you are describing with the Coptic Christian communities and working to draw out the challenges that those communities are facing.

And so we are trying very hard to make sure that we have programming that is working to help those communities as well as looking at programming more broadly that ensures that the concerns of those communities are being dealt with as we are working more broadly across.

Mr. BILIRAKIS. Thank you. I too have concerns along with my colleagues with the release of this aid to Egypt without restrictions or conditions. How does State plan to measure moving forward the benefits of releasing this aid to Egypt?

Mr. CHABOT. The gentleman's time has expired but you are free to answer the question if you would like.

Mr. FELTMAN. Let me emphasize, Congressman, that first of all, we exercise control over these funds at all times during the process. These funds, of course, are expended to pay for goods and services procured in the United States as part of our military partnership with Egypt. But we have retained control over these funds at all times. That allows us to make any adjustments for any significant setbacks that could occur.

But we have confidence that the military is serious when the military says they are going to turn over the reins of government to civilian authorities by July. And that is a pretty significant step on the part of the military.

Mr. BILIRAKIS. How much has the—Mr. Chairman, can I ask a quick question?

Mr. CHABOT. The gentleman is yielded an additional minute.

Mr. BILIRAKIS. Well, I just want to say, how much of the aid has been released so far? Do you intend to release it in increments just like the Congress intended? How much has been released thus far?

Mr. FELTMAN. All of the FMF, Congressman, is in a Federal Reserve account over which we retain control. So we retain control over those funds, but all those funds are in a Federal Reserve account from which they can be drawn down for the Egyptian military program.

Mr. BILIRAKIS. Anyone else want to add to that?

Thank you very much, Mr. Chairman. I appreciate giving me the additional time.

Mr. CHABOT. Thank you. Absolutely, yes, but the gentleman's time has expired.

Mr. BILIRAKIS. I yield back.

Mr. CHABOT. Thank you. We will go to a second round at this time, and I will yield myself 5 minutes.

Ambassador Feltman, we know that approximately 12,000 people, it may be more than that but that is the figures that we have been using, have died at the hands of the Syrian Government in

recent months. You noted in your testimony that U.N. Ambassador Rice has said that we will work to ensure that there are consequences if the Syrian regime continues to ignore the U.N. Security Council's position on these matters and continues its murderous assaults on their own population.

What kind of consequences are we talking about and what further atrocities have to be committed before these consequences are triggered?

Mr. FELTMAN. Mr. Chairman, we all would like to see the Annan mission succeed obviously and stopping the violence and leading to a political transition. But all of our skepticism is, I think, quite warranted when you see the Bashar al-Assad not taking the steps needed to make that mission a success. But we are not stopping and simply waiting and watching while Kofi Annan tries to deploy his monitors. We right now are working on an accountability initiative where we are training people within our national partners, other countries and expert NGOs, on how to gather evidence, preserve evidence, save evidence that can be used for prosecution and for later accountability against regime figures who are committing atrocities. Accountability is one pillar we are continuing to push on in reference to your question.

We are also increasing, frankly, our assistance to the opposition, our nonlethal assistance to nonlethal opposition, primarily communication equipment. It is not really a coincidence, Mr. Chairman, that so much more imagery is coming out of Syria today about what is, that the opposition is able to tell its story about what they are facing. It is not really a coincidence, and some of those can be discussed better in a different setting.

We are also working internationally to increase the effectiveness of the sanctions regime, because we do not have a Chapter Seven resolution from the United Nations because some countries have blocked that. But what we do have is a lot of like-minded countries who have economic influence on Syria, and we are working together to make sure that our individual bilateral sanctions are coordinated to have a greater impact as a whole. We are continuing to do that. We are not waiting for Kofi Annan's mission to succeed or fail.

And finally, we are continuing to address the humanitarian situation in Syria. The United States has now committed over \$33 million to help those inside Syria as well as in neighboring countries in need of help. So we are continuing to work on accountability, on opposition support, on the pressure and isolation through sanctions, and on humanitarian, even while we would like to see the Annan mission succeed.

Mr. CHABOT. All right. I have 2 minutes left. Let me shift to Iraq. Since its inception, the Iraqi Police Development Program, the PDP, has regrettably been plagued by mismanagement and poor planning. Moreover, senior Iraqi leaders continue to express skepticism about its value. In November of last year, this subcommittee held a hearing on this very topic, and I am disturbed that the State Department still has not formulated what I would consider a coherent plan that has Iraqi buy-in.

The program was originally conceived to be a wide-ranging program involving 350 American advisors at 50 field locations across

Iraq. By July 2011, it was reduced in scope by about a half from 350 American advisors down to 190 advisors, and from 50 field sites down to 28, so just about cut in half. And according to the Special Inspector General for Iraq Reconstruction, only 86 PDP advisors were in-country as of March of this year. Furthermore, the State Department's travel warning for Iraq suggests that security restrictions have limited the ability of all U.S. personnel to maintain mobility within the country which is essential for them to do their jobs.

How effectively can the Iraq Police Development Program personnel, and all U.S. Government personnel for that matter, execute their mission in the current security environment? Are our current aid programs viable in this environment that we see in Iraq right now?

Mr. CONNOLLY. Would the gentleman yield?

Mr. CHABOT. I would be happy to yield.

Mr. CONNOLLY. I thank the chair. And again I join the chair in expressing concern about this. As the chair knows, I have raised this in other hearings as well including with the Secretary of State when the full committee had her.

Mr. CHABOT. That is correct.

Mr. CONNOLLY. I would just add, if the chair would allow, one additional concern to the chairman's list, and that is, there were no metrics. This is a program that had no metrics. How in the world can we be investing money in a program that has no milestones and no metrics? How can we know whether it is efficacious or not? And there were lots of indications from SIGIR that there was reason to question whether it was efficacious at all. So in your answer to the chairman's question, if the chairman will indulge, I would hope you would also address that issue as well.

Mr. CHABOT. I thank the gentleman from Virginia for expounding upon my question, and take such time as you may consume to answer.

Mr. FELTMAN. Thank you, Mr. Chairman——

Mr. CHABOT. Within reason.

Mr. FELTMAN [continuing]. Congressman. We have just performed a semiannual review of the PDP, of the Police Development Program in Iraq. And probably some of this can be briefed in more detail at a later time, but there were a couple of principal findings that came out of the semiannual review. First was that in Erbil, up in Iraqi Kurdistan, the program is working as intended, as revised downward as you described, some of the revised downwards.

The advisors are able to engage frequently with their Iraqi counterparts. They were able to work up plans of work based on the Iraqi Kurdistan needs in the forensics area and the needs for how to deal nonviolently with civil disturbances, in how to staff and make strong an Inspector General's office inside the Ministry of Interior. So the semiannual review indicated that the Erbil program is going as intended.

Mr. CHABOT. If I could just stop you right there. What about in the rest of the country? You have focused on——

Mr. FELTMAN. There are three primary findings. The first was on Erbil. The second was on Baghdad. In Baghdad it is a mixed bag. There has been a very good committee setup between the Baghdad

police and our police trainers to deal with a lot of the emergency security issues, but we have not been able to develop the full range of programs and locations that we had anticipated even after the reduction.

The third finding was that in Basrah, in Basrah we are not having the access that we had anticipated. In Basrah we have more or less concluded to keep the program at a very small level. We don't want to pull the program out of Basrah because of the importance of Basrah to the commercial development of Iraq. It is basically the oil capital. It is also the place where Iran is most focused on trying to make inroads.

Now based on this semiannual review that just came out, we will be having further revisions to the program and we will be looking at exactly what Congressman Connolly brought up which is, how do we measure success in a program that has changed quite dramatically since its first conception? You remember when we were designing this program at the same time that the U.S. military was still there having its police program, its security programs, it was all over the country. We now have a far different sort of relationship with Iraq than we had then, and the program has had to be adjusted based on the discussions we had with the Iraqis who, frankly, are quite proud that there is civilian Iraqi sovereign control over Iraqi institutions now.

Mr. CHABOT. If I can I am going to cut you off there because my time is expired long ago. I would just comment that I think this committee wants to keep very up on what is happening there and I think they have real concerns again in a bipartisan manner. And I would now yield 5 minutes to the gentleman from New York, Mr. Ackerman.

Mr. ACKERMAN. Thank you, Chairman. One of the challenges you have is us. It is probably a lot bigger challenge than most people realize. One of the concerns I have vis-à-vis the Middle East is that there are a number of our colleagues who, in order to demonstrate their fealty to the U.S.-Israel relationship, will insist that we have a more prudent or a zero approach to assistance in other countries in the region thinking that it is an either/or situation. That you have to be against other countries in order to be for Israel, or that we shouldn't be giving money to countries that are not Israel, and to apply all sorts of different kinds of tests to the application of that kind of assistance that is completely unreasonable, illogical, counterproductive and, indeed, very, very often destructive of the U.S.-Israel relationship, and not helpful at all to Israel's security.

It is in Israel's national security interest to have a neighborhood at peace with it. And some of our colleagues and others who are not in Congress, who don't follow this issue as closely except just by the bare shadows of it, want to know why we would give money to Arab countries at all. Why would we give money to places like Egypt? And we hear that at every hearing and every meeting in every questioning that is done. Why don't we wait and see what is going to happen there? And I don't know how long they want to wait, a year, 10 years, 20 years, 50 years? Who is going to be in the region 50 years from now if we are waiting to see?

It would also seem to me if we are not helpful during these very formative moments in the recreation of some of these countries

that we will have zero influence whatsoever if we withdraw the historic and traditional assistance that we have been providing, even sometimes without metrics, that suddenly becomes withdrawn in the face of a new leadership. My suspicion is they will not have a very good feeling about us. My suspicion is, I have not actually done it but I would suspect that if somebody would take the time to draw a chart of the countries that we have the most influence with in the region, they are probably the same countries right down the line that we give the most assistance to. So I would suspect if that were the case, which I think it probably is, that we would come to the conclusion that if we want to have more influence we should be more involved rather than less involved.

I don't see the Israelis who are pretty smart players on the scene, running around screaming and yelling and opposed to assistance to some of their neighbors as I see some of my colleagues. Because Israel knows that it is in their best interest to have stable governments in those countries.

To cut people off as they are developing, if you think about it as part of your family, you don't want to cut your kids off when they are at their most vulnerable. And I am not trying to say that other countries in the region should be treated as our children because they are not. They are as adult as anybody else but they are developing as a nation.

I don't know how you guys are going to handle that going forward, but I would suggest it is one of the most challenging problems that we have as a nation and a people and that is, we, and I include our colleagues, do not always think. We just have reflexive reactions. I don't like what they did in this country or that country, let us cut them off. Sure, that is the way to get them to love you. That is a way to get them to say hey, maybe that is a better way of—no such thing happens.

I would think that you guys, and I suggest this very respectfully, have to stand up to us. We are not shy about putting questions to you. But I would suggest that this process works a heck of a lot better if we are going to be making policy together—and whether some of us are here or some of you are here the next time around is not really the question. It is really how we do this as a nation, and it has to be a dialogue. Turn the questions around. How would you do it? How would we do it? It shouldn't be the old Soviet, nyet. You exercise your veto and you get no money for that but how are you going to fix the problem.

I know I have left you very little time or no time to answer, but if the chairman would indulge maybe somebody would like to slap me down.

Mr. CHABOT. Yes?

Mr. FELTMAN. Mr. Chairman, may I comment even though it is past time?

Mr. CHABOT. Go right ahead.

Mr. FELTMAN. Congressman Ackerman, this is the dilemma that we—

Mr. ACKERMAN. This is why I like this chairman. Not the fact that he is chairman because we would be better off if we all were the chairmen. But I particularly like this chairman because it is

more important for him as it is for some of us to get the answer rather than to fit it into 60 square seconds.

Mr. FELTMAN. This is the dilemma we face, Congressman Ackerman, because we have all these interests. We have all described these interests that we have. We need to pursue these interests. These are our interests in this region that we need to be pursuing. And to pursue these it is best to do it in an atmosphere of stability and security. But we are not going to have that stability and security if the questions that the Egyptian people, the Tunisian people, the Libyan people, the Syrians have raised over the past 1.5 years aren't answered in a satisfactory way.

And that is one reason why we have proposed the Middle East and North African Incentive Fund was to give us the sort of flexibility that allows us to promote and respond to the type of reforms that can have an impact, make a difference and restore stability, a real stability, by answering some of the questions, the demands that people raised last year. We have a lot of strategic, enduring partnerships in this region. Most of our assistance budget that comes from the generosity of the U.S. taxpayers is tied up in strategic, enduring partnerships having to do with the FMF to Israel or commitment to Jordan, things like that.

What we have proposed is that we need a tool, a tool by which the United States Government can respond to the challenges that the Arab Spring poses for us. We need to minimize the risk and maximize the opportunities and we need a tool to do that. And that is why we have asked for the types of authorities and the levels in the Middle East and North African Incentive Fund.

Mr. CHABOT. Thank you, the gentleman's time has expired. The chair will recognize himself for 1 minute to make maybe a point of personal privilege for those of our colleagues who probably fall under the category that the gentleman was referring to about not—

Mr. ACKERMAN. It is on both sides of the aisle, Mr. Chairman.

Mr. CHABOT. Right.

Mr. ACKERMAN. It is not a partisan—

Mr. CHABOT. I understand that. I understand that. That is why I haven't said Republicans or Democrats or which side of the aisle.

Mr. ACKERMAN. It is not partisan or sometimes—

Mr. CHABOT. Right. And that is why I said our colleagues, because that you have referred to, and I think they reject the mindset that no matter what our so-called allies around the world do, like Egypt, that there is basically an entitlement to U.S. aid in the form of dollars. And it is not necessarily involvement, because you had talked about more involvement in those regions and that generally means aid. And so we are talking about scarce dollars and we have a \$16 trillion debt.

So in the case of Egypt, for example, which is getting a substantial amount of money in which Congress puts in, and notwithstanding, that you are not getting these dollars unless you do this, and then they don't do this, and then the administration, we let them make the decision, well, the money is going anyway, and that is what happened in this case.

But anyway, I think a lot of our colleagues reject this entitlement mentality that some other countries around the world have that

they are going to get those dollars no matter what they do really, within reason. I mean if they attacked us or something, clearly we are not going to give them money, but they do with our NGO folks what they did, which was a huge slap in the face to the United States.

We had our Department of Transportation head, who is a Republican but was picked by the Obama administration to run that department, and it was his son who we happened to meet with in Egypt about 1 year ago with a bunch of NGO folks, and this guy is basically under house arrest over there and allowed to leave the country, so as some Americans were, but there are Egyptians and other folks who are our friends who are still under great personal threat. And yet the Egyptian Government seems to be under the impression that they can do all these things and continue to get significant amounts of American aid. And a lot of that goes back to their peace agreement which they went out on a limb with, with Israel, and so we support Israel and we support Egypt too, and we have continued to do that.

So in any event, in defense of our colleagues who reject that mindset that we are going to continue to push tax dollars, in the form of, for lack of a better term, foreign aid, virtually no matter what they do and no matter how much they reject our positions and our policies.

So I will yield to the gentleman.

Mr. ACKERMAN. Thank you. That was very helpful, I think. But let me add to that that we can't bite our nose to spite our face as they say. Some years ago, I don't remember what the year was but there this was this Soviet guy at the time named Pavlov. And he was able to train even mice that they get the reward if they have certain behavior. They ring a bunch of bells around here, we show up at the other side of the maze and cast votes, at least 90 percent of the time we get to come back here. You can train anybody to do anything. The reason, boldly, if I could suggest that we started to give large sums of assistance to both Egypt and Jordan was because they both signed peace treaties with the Israelis. We rewarded good behavior. They got the cheese at the end of that.

I think we have to be mindful of that as well, and to try to describe to some of our friends in the region what we are looking for, what our expectations are. We don't necessarily know, we know we are not going to get them overnight especially when there is a new political player in town, in each of their towns, that is going to pander to the populist notions at the moment in order to solidify their power bases and to stay in power, but they have to understand as they develop that this is real life. And we can be helpful or we can be absent, but we have to understand when we are absent we pay consequences as well, and we have to sit down collectively with our guys on the left and on the right in each of our parties and find out what our expectations are in each place in the world and with each government because they are all different. The Brotherhood movement is different in different countries. And figure out as it is how much we want to invest, how much time we want to give it and to be flexible enough as things to develop that we could never predict.

Mr. CONNOLLY. All right, I am going to get in here, Mr. Chairman.

Mr. CHABOT. All right. Are you finished, Mr. Ackerman?

Mr. ACKERMAN. I am anxious. The gentleman from the Commonwealth—

Mr. CHABOT. Okay. I am going to reclaim my time. And it just goes to show you never know what we are going to discuss in this committee, things from Pavlov's dog to Pavlov's mice.

Mr. ACKERMAN. We don't always get to talk to each other.

Mr. CHABOT. I didn't remember the mice part. I remembered the dog part, and I thought it was ringing a bell and feeding him something, then he would salivate even at the ringing of the bell, but maybe there were mice involved too. It has been a long time since I took high school science.

But I will yield back my time, and the gentleman from Virginia is recognized for 5 minutes.

Mr. CONNOLLY. I thank the chair. And if could just add to the conversation, and I think Mr. Ackerman is right. We don't often get to do this. And we have had this debate at this committee and full committee last summer in our markup, and I think it is a fair point to raise the question of, hey, aid isn't an entitlement. There has to be accountability. There have to be metrics, otherwise it is not worth doing.

But neither can we afford as a great power, however, to act as children. Aid is not a crude cudgel that demands slavish devotion to a U.S. agenda at the U.N. or anywhere else, or else. Aid is a tool. It is an investment. It has a return on it. It doesn't always work, but if you look at things like the Camp David Accords, whatever aid we have poured into that region, not all of it efficient, not all of it yielding the results that are desirable, but the bottom line result is most desirable. It is the longest period of time since the creation of the State of Israel in which its neighbors did not go to war with it. Worth the price.

Peacekeeping operations, we don't always like U.N. around here. Cheap at the price in terms of leveraging other nations to help U.S. diplomacy, as well as we hope international diplomacy, to keep the peace in troubled places without having to have a whole bunch of U.S. troops all over the place. And Iraq and Afghanistan are current reminders of what happens when that diplomacy and those investments fail, or because we got dissatisfied or impatient or juvenile about it and chose to withdraw from the field.

And so I think the chairman raises absolutely legitimate concerns. We cannot take the entitlement mentality to the issue of deploying U.S., scarce, limited, precious U.S. assets anywhere in the world. But on the other hand, we have to have a more visionary broader understanding that this is a tool that serves us. We need to make sure it is effective. But sometimes in our political rhetoric, and I certainly do not mean to suggest the chairman—there is one of our colleagues running for President who has actually said let us defend all foreign aid. Why give it away? My god, we have needs here. It is not an either/or proposition for a great country. These are not choices that we have to make in terms of either/or, these are choices that both need to be made.

And so I just say that as a word of caution because I happen to believe in the efficacy of foreign aid. I know how easy it is, and again I do not mean the chairman, for some to demagogue the issue because it is not popular foreign aid. But if you actually look at its track record, warts and all, it has been a strong investment tool for the United States that has had, in many cases, profound payoff.

Let me ask two questions before my time runs out, real quickly. I also went to Libya with our colleague, David Dreier, in the House Democracy Partnership, and we were there one day. We met with the USAID mission director, Ms. Rudman, and doing a great job, and we were encouraged, I think, actually by the ferment in what we were seeing. The difference, I guess, I would characterize, and I wonder what you and Mr. Feltman might think, and certainly yourself, Mr. Ward, Libya isn't set yet. It is in ferment, not clear where it is going to go. There were hopeful signs. There was lots of excitement and enthusiasm still. And we are trying to be a worthwhile partner with those who would like to put it on a civil society, inclusive, participatory kind of democracy over time that respects minority rights, et cetera. Egypt, I fear, is more set. Political ferment in some ways has settled and it is quite clear what has emerged from that and the issue there is, are they the real thing or are they going to revert to previous form? And if so, we have real problems in the largest Arab country in the world.

I just wonder—I invite you, if the chairman will indulge it, because I took an extra minute just to share my views, if the chairman will allow our witnesses simply to answer that question, and I will then retire from the field.

Mr. CHABOT. Take a minute or so to complete, and the committee will be wrapping up then, whoever is most appropriate to answer the question. Mr. Ward?

Mr. WARD. Well, I appreciate the reference, Congressman, to Libya. I spent about 4 or 5 months in Libya with the United Nations between September and February. And I will tell you that one of the most exciting things for the United States Embassy, every other international Embassy in town and the United Nations, was the excitement in civil society that you talk about.

I remember a day sitting with the Deputy Prime Minister in his office where there was a protest raging out on the street. And it was so loud we couldn't really have our conversation and I expressed some frustration. And he sat back in his chair with a big smile and he said, isn't this great? This is the way it is supposed to be. Let them carry on. We can go meet down the hall.

And their willingness to invite civil society, which has such a voice in ensuring that these transitions continue to go in the right direction, to participate in their deliberations, to participate as our Government does in creating laws, in providing comment, is very encouraging. And we are seeing the same hopeful signs next door in Tunisia. But you are right. This is something that we are going to have to keep an eye on going forward with the new Egyptian Government.

Mr. FELTMAN. You mentioned Egypt, Congressman Connolly, and I agree. We have a new Egypt emerging and it is an Egypt that we don't know, or at least we don't know completely. We may never

know completely. But it is in our interest to try to see if we can build new partnerships with the emerging Egypt as well as to maintain our existing partnerships with Egypt, business with Egyptian educational institutions, with the Egyptian military. Because you look at a map, Egypt is going to remain Israel's neighbor. Egypt is going to remain the neighbor to Sudan on one side and Libya the other. We have interests that transcend Egypt, but that need Egypt to be part of the solution. So we are committed to using all of the diplomatic tools we have to cultivate new partnerships and protect our old partnerships in Egypt.

Mr. CHABOT. The gentleman's time has expired.

We want to thank the panel for their testimony here this afternoon. I think it has been very helpful. Members will have 5 days to supplement their statements or to ask questions. If there is no further business to come before the committee we are adjourned. Thank you very much.

[Whereupon, at 4:10 p.m., the subcommittee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Subcommittee on the Middle East and South Asia
Steve Chabot (R-OH), Chairman

May 2, 2012

You are respectfully requested to attend an OPEN hearing of the Subcommittee on the Middle East and South Asia, to be held in Room 2172 of the Rayburn House Office Building **(and available live via the Committee website at <http://www.hcfa.house.gov>)**:

DATE: Wednesday, May 9, 2012

TIME: 2:00 p.m.

SUBJECT: Assessing U.S. Foreign Policy Priorities and Needs Amidst Economic Challenges in the Middle East

WITNESSES: The Honorable Jeffrey D. Feltman
Assistant Secretary of State
Bureau of Near Eastern Affairs
U.S. Department of State

The Honorable Mara Rudman
Assistant Administrator for the Middle East Bureau
U.S. Agency for International Development

Mr. Mark Ward
Deputy Special Coordinator for Middle East Transitions
U.S. Department of State

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON MESA HEARING

Day Wednesday Date May 9 Room 2172

Starting Time 2:08 Ending Time 4:10

Recesses 1 (2:14 to 4:10) (to) (to) (to) (to) (to)

Presiding Member(s)

Steve Chabot

Check all of the following that apply:

Open Session

Electronically Recorded (taped)

Executive (closed) Session

Stenographic Record

Televised

TITLE OF HEARING:

Assessing U.S. Foreign Policy Priorities and Needs Amidst Economic Challenges in the Middle East

SUBCOMMITTEE MEMBERS PRESENT:

Chabot, Ackerman, Billvakis, Higgins, Murphy, Conolly, Fortenberry, Chandler, Schwartz

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

Connolly statement

TIME SCHEDULED TO RECONVENE _____

or
TIME ADJOURNED 4:10


Subcommittee Staff Director

The Honorable Gerald E. Connolly (VA-11)
MESA Subcommittee Hearing
Assessing U.S. Foreign Policy Priorities and Needs Amidst Economic Challenges in the Middle East
Wednesday, May 9, 2012; 2pm

With the international landscape as it is today, the United States cannot afford to cut corners when it comes to funding our foreign policy. Along those same lines, an oversimplification and politicization of U.S. foreign policy will only harm our national security interests. For the second consecutive year, the State Department has divided its budget request into two portions—one for the core or enduring budget, and one for Overseas Contingency Operations (OCO) for Afghanistan, Pakistan, and Iraq. Once again, the total budget request for State and USAID totals 1% of the federal budget, at \$51.6 billion for FY13 (the enduring request is \$43.4 billion and the OCO request is \$8.2 billion). Nevertheless, in formulating its FY13 budget, the State Department acknowledged the current fiscal climate by making tough choices. For example, the budget:

- Limits the planned expansion of the Foreign Service by extending the timeframe for the goal of a 25% increase while focusing modest staff growth on highest priority programs and countries.
- Scales back funding for overseas construction for one year, despite ongoing need for newer, more secure diplomatic facilities.
- Reduces funding for Europe and Eurasia by 18 percent to reflect the successful transition of a number of countries to market-based democracies.

PAKISTAN

There are several issues that I would like to examine in greater detail, but for the purposes of this hearing I will focus on a few. The first is the status of the current U.S.-Pakistan bilateral relationship in light of several developments, including: the announcement that the U.S. Ambassador to Pakistan—Cameron Munte—will leave his post this summer, the refusal of Pakistan to allow Ambassador Marc Grossman to visit the country during his January trip to the region, the Nov. 26 NATO shooting incident, and the “Memogate” scandal which resulted in the resignation of the Pakistani Ambassador to the United States.

State’s FY13 request for Pakistan aid totals \$2.4 billion—\$2.2 billion to strengthen democratic and civil institutions, including \$800 million for the Pakistan Counterinsurgency Capability Fund (PCCF). Moreover, \$197 million supports the U.S. government’s civilian presence, as well as programs for engagement with civil society.

With regard to past and current funding for Pakistan, this Congress has codified several reporting requirements. Specifically, the Consolidated Appropriations Act (PL 112-74) requires the Secretary of State to provide, in writing to the congressional appropriations committees, a report on the uses of Foreign Military Financing (FMF), International Military Education and Training (IMET), Peacekeeping Operations (PKO), and Pakistan Counterinsurgency Capability Fund (PCCF) for each fiscal quarter. I would appreciate an update on those funding accounts, including their efficacy, as the first report was due on April 1.

IRAQ

Second, I would like an update on U.S. progress in Iraq, given the \$4.8 billion request for FY13. This includes \$2.7 billion in operations funding and \$2.0 billion in other assistance, of which \$1.8 billion

The Honorable Gerald E. Connolly (VA-11)

funds police training and transition military assistance programs from the Department of Defense. On December 2, I sent a letter to the Department of State asking for a suspension of the Iraqi Police Development Program (PDP) until State presented a comprehensive plan for the PDP with identifiable metrics and milestones. I still have seen no evidence that the Government of Iraq (GOI) is invested in the program. Has the State Department addressed the myriad concerns outlined by several members of this subcommittee during a November 30 hearing? I understand State inherited the PDP, but that is no excuse for the lack of metrics.

MIDDLE EAST

Third, a detailed plan on how State plans to leverage its personnel and other resources to deal with the transitions in the Middle East would benefit this Committee. For the first time, the FY13 request includes \$770 million for a Middle East and North Africa Incentive Fund to advance democratic, institutional, and economic reform in transitioning governments. In light of the situation in Egypt, how does State plan to use this funding if a democratic transition isn't as smooth as anticipated? Would State welcome Congressional oversight of this fund?

Last, I am requesting an update on the United States' strategy for various countries in the Middle East, as it has been over a year since the Arab Spring began. One of these countries is Syria. Last month, the United Nations Security Council (UNSC) unanimously approved a resolution that called for both an increase in the number of United Nations (UN) cease-fire observers in Syria from 30 to 300 and an immediate end to the violence. The United Nations Supervision Mission in Syria (UNSMIS), as it is called in resolution 2043, will be deployed for an initial period of 90 days. The UNSC adopted resolution 2043 a week after the adoption of resolution 2042, which called on Syria to abide by the ceasefire agreement. In her statement at the UN, U.S. Permanent Representative Susan Rice noted, "the deployment of 300 or even 3,000 unarmed observers cannot, on its own, stop the Assad regime from waging its barbaric campaign of violence against the Syrian people." She went on to say, "Since the adoption of resolution 2042...the regime has unleashed yet another wave of horrific violence against its own people resulting in the deaths of scores of Syrians daily."¹ With that, I ask our witnesses—what is our Syria policy?

As we discuss these and other Middle East & South Asia budget issues, I hope the discussion focuses on the policy and not the politics. In closing, I'd like to add that as a consistent supporter of the international affairs budget, I firmly subscribe to the belief that the three pillars of our national security are diplomacy, development, and defense. I look forward to continuing to work with my colleagues to fight for a strong international affairs budget that funds all our priorities overseas. Absent a nuanced and healthy discussion, we will not do these priorities justice.

¹ The Honorable Susan E. Rice, "Explanation of Vote After Adoption of UN Security Council Resolution 2043 on Syria," April 21, 2012.

