President Trump’s Second Foreign Affairs Budget

Democracy, Governance, and Human Rights in the Middle East and North Africa in FY19

June 2018

Andrew Miller • Todd Ruffner
PRESIDENT TRUMP’S SECOND FOREIGN AFFAIRS BUDGET

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JUNE 2018
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ACKNOWLEDGMENTS

The authors would like to thank the Project on Middle East Democracy’s Executive Director Stephen McInerney, Advocacy Officer Seth Binder, and Advocacy Associate Louisa Keeler, for their assistance in preparing and reviewing this report, and April Brady for preparation, design, and production. Special thanks to Cole Bockenfeld and Kate Kizer for their expertise, and to Rebecca Birkholz, Valerie Carollo, Sophia Carpentier, Daniel Leone, Jake Malenka, Junaid Malik, Isabella Nemer Remor, and Samuel Weber for their additional assistance.

The authors are responsible for the content of the report, and the assessments do not necessarily represent the views of POMED’s Board of Directors.

ABOUT THE PROJECT ON MIDDLE EAST DEMOCRACY (POMED)

The Project on Middle East Democracy is a nonpartisan, nonprofit organization dedicated to examining how genuine democracies can develop in the Middle East and how the United States can best support that process. Through research, dialogue, and advocacy, we aim to strengthen the constituency for U.S. policies that peacefully support democratic reform in the Middle East.
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<tr>
<td>CBJ</td>
<td>Congressional Budget Justification</td>
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<td>DRL</td>
<td>Bureau of Democracy, Human Rights, and Labor, U.S. Department of State</td>
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<td>ESDF</td>
<td>Economic Support and Development Fund</td>
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<td>ESF</td>
<td>Economic Support Fund</td>
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<td>FMF</td>
<td>Foreign Military Financing</td>
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<td>GJD</td>
<td>Governing Justly and Democratically</td>
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<td>HACFO</td>
<td>House Appropriations Committee on Foreign Operations</td>
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<td>HFAC</td>
<td>House Foreign Affairs Committee</td>
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<td>IDA</td>
<td>International Disaster Assistance</td>
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<td>IMET</td>
<td>International Military Education and Training</td>
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<td>INCLE</td>
<td>International Narcotics Control and Law Enforcement</td>
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<td>MCC</td>
<td>Millennium Challenge Corporation</td>
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<td>MENA</td>
<td>Middle East and North Africa</td>
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<td>MEPI</td>
<td>Middle East Partnership Initiative, U.S. Department of State</td>
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<td>MRA</td>
<td>Migration and Refugee Assistance</td>
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<tr>
<td>NADR</td>
<td>Nonproliferation, Anti-terrorism, Demining, and Related Programs</td>
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<tr>
<td>NEA</td>
<td>Bureau of Near Eastern Affairs, U.S. Department of State</td>
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<tr>
<td>NEA/AC</td>
<td>Office of Near East Affairs Assistance Coordination, U.S. Department of State</td>
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<td>NED</td>
<td>National Endowment for Democracy</td>
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<td>NERD</td>
<td>Near East Regional Democracy</td>
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<td>OCO</td>
<td>Overseas Contingency Operations</td>
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<tr>
<td>SACFO</td>
<td>Senate Appropriations Committee on Foreign Operations</td>
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<tr>
<td>SFRC</td>
<td>Senate Foreign Relations Committee</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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EXECUTIVE SUMMARY

Thus far, President Donald Trump's administration has validated what many in the pro-democracy community feared at the outset of his presidency. He has weakened U.S. support for universal human rights and democratic values, openly embraced authoritarian leaders around the world, especially in the Middle East and North Africa (MENA) region, and relinquished U.S. global leadership.

The Trump administration’s second budget request for international affairs is a reflection of these troubling trends. Similar to his first budget request, the FY19 request proposes a drastic 23 percent reduction to the State Department and Foreign Operations budget, including a 39 percent cut to democracy and governance funding and a 32 percent cut to humanitarian assistance accounts, compared to the FY18 appropriation. This proposal evinces the administration’s deep skepticism regarding U.S. efforts to promote democracy, human rights, and good governance globally. Combined with the administration’s disregard for diplomacy and all non-military forms of international engagement, including most types of foreign aid, this ambivalence toward democracy promotion has left pro-democracy voices abroad feeling largely abandoned and significantly damaged U.S. credibility with them.

Last year, Congress resoundingly rejected the administration’s proposed funding cuts to foreign assistance. And Congress appears ready to do likewise with the FY19 budget request. As House Foreign Affairs Committee Chairman Ed Royce (R-CA) said, “A strong, bipartisan coalition in Congress has already acted once [in FY18] to stop deep cuts to the State Department and Agency for International Development that would have undermined our national security. This year, we will act again.”

It remains to be seen how or whether new Secretary of State Mike Pompeo will differ from Rex Tillerson in his approach to the State Department’s budget. The FY19 request was released before Pompeo’s appointment, and therefore does not necessarily reflect his thinking or input, but his defense of the President’s proposed cuts to the State Department’s budget during testimony in front of the House Foreign Affairs Committee and the Senate Foreign Relations Committee is not encouraging. While at times he has talked a good game, vowing to help the State Department get its “swagger back,” Pompeo will be unable to restore the morale of U.S. diplomats unless he can convince President Trump to financially and politically support their critical work, including in advocating for democracy and human rights abroad.

KEY FINDINGS:

For the second consecutive year, President Trump’s Function 150 budget request proposes a sharp cut to overall foreign affairs spending, but Congress seems poised to reject most of these proposed cuts as it did with the previous budget request. The FY19 budget seeks $41.8 billion for foreign affairs, substantially lower than the $54.2 billion enacted in the FY18 Consolidated Appropriations Act. Traditional U.S. allies in the MENA region who receive a disproportionate share of U.S. foreign assistance, like Israel, Egypt, and Jordan, are exempt from these cuts,

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which means that realizing the proposed cuts to the topline budget would necessitate crippling reductions to foreign aid to dozens of countries around the world. Congress, however, has expressed intense opposition to the proposed cuts once again this year, and it is almost certain it will appropriate funds for the foreign affairs budget well in excess of the request.

**The budget would accelerate the securitization of U.S. foreign assistance in the MENA region while deprioritizing democracy and governance support.** Security and military aid categories represent nearly 78 percent of the FY19 foreign assistance request. While the $7.0 billion sought in the FY19 request for the Middle East and North Africa is $400 million higher than the FY18 request of $6.6 billion, democracy programming fell to just 4 percent of the request compared to 4.5 percent in FY18. These proposed cuts to democracy programming, including for institutions like the National Endowment for Democracy, demonstrate continued hostility to the promotion of democratic values abroad.

**The administration has initiated “reviews” of several bilateral assistance packages that have interrupted U.S. programming and raised questions about the future of assistance to these countries/territories.** Reviews of bilateral aid to Syria and the West Bank/Gaza resulting from President Trump’s decisions to suspend in whole or in part assistance to these recipients have put valuable programming on hold for months, and left U.S. officials and implementing organizations unsure of the future of U.S. funding for many long-standing programs. Secretary of State Mike Pompeo also announced the administration would conduct a review of U.S. assistance to Lebanon following recent parliamentary elections in which Hezbollah and its allies appear to have emerged as the winners, which could jeopardize continued support for the Lebanese Armed Forces.

**President Trump has so far been unwilling to downsize Egypt’s outdated assistance package, but the administration appears willing to use it as leverage.** Though the FY19 request for Egypt is identical to FY18, including $1.3 billion in military assistance, the administration’s August 2017 decision to withhold or reprogram nearly $300 million in assistance for Egypt to encourage policy changes related to human rights and other U.S. concerns was a positive step. With Tillerson’s ouster from the State Department, it is unclear whether his successor is prepared to sustain pressure on the Egyptian government.

**The administration once again proposed substantial cuts to Tunisia’s aid package, even though Congress preserved robust assistance levels for the country in the FY18 Consolidated Appropriations Act.** In FY18, Congress appropriated $165.4 million in bilateral assistance to Tunisia to support the country’s democratic transition, which was significantly higher than the $54.6 million request from the administration. Though it proposed restoring Foreign Military Financing (FMF) grants for Tunisia, the Trump administration’s proposed reduction to Tunisia’s aid package in FY19 sends the message that the U.S. government is seeking to disengage from the one bright spot of the Arab Spring as threats to the country’s democratic transition are growing.
President Trump’s first budget request for Fiscal Year (FY) 2018, which called for a precipitous 30 percent decrease in the international affairs spending, set off alarm bells in the foreign affairs establishment and development community. The combination of President Trump’s apparent skepticism towards foreign assistance and former Secretary of State Rex Tillerson’s perceived mismanagement of the State Department raised major questions about what role diplomacy would play in this administration. After Congress decisively rejected the president’s FY18 request as dangerous to U.S. national security interests, appropriating $54.2 billion for the Function 150 International Affairs account—35 percent more than was requested—proponents of U.S. foreign assistance hoped that the administration would warm up to this traditional tool of American foreign policy.

When the president’s new budget request was released on February 12, however, it was difficult to discern any major changes in the administration’s attitude toward foreign assistance. The FY19 request is largely the same as the preceding year’s, once again proposing dramatic reductions to international affairs spending. Though the $41.8 billion request is slightly more than the $40.2 billion requested for FY18, it nevertheless would constitute a 23 percent decrease in spending as compared to the FY18 level appropriated by Congress, similar in scale to last year’s proposed cuts. Adding insult to injury, the administration shortly thereafter proposed a $334 million rescission in prior-year foreign assistance in the name of efficiency that would eliminate or reduce funding for the Complex Crises Fund, the Millennium Challenge Corporation, and International Development Assistance.

The administration’s decision to put forward such an austere foreign assistance budget for the second consecutive year is remarkable for two reasons. First, the budget environment is more permissive for the FY19 appropriations process than it was in FY18, owing to the February 9, 2018, passage of the Bipartisan Budget Act, which temporarily lifted the cap on non-defense spending. In theory, the administration could have capitalized on this agreement to significantly expand its budget for foreign assistance spending, but, in the addendum to the Congressional Budget Justification, it opted to increase its request by only $1.5 billion, a modest 3.8 percent boost. Instead, the administration used this newfound flexibility to move $12.3 billion in Overseas Contingency Operations (OCO) funds into the base budget, which does not actually increase the total amount of funding available to the State Department and USAID.

Second, Congress has made it abundantly clear that budget requests on the scale of the FY18 proposal are, in Senator Lindsey Graham’s words, “dead on arrival.” Several administration officials who were interviewed for this report claimed that the FY19 budget...
request may have been different had Congress passed the FY18 Consolidated Appropriations Act before the former was publicly released, but it had been apparent for months that Congress was determined to approve a much higher level of funding. Unsurprisingly, there is bipartisan opposition to the president's FY19 budget request in both the Senate and House of Representatives. Speaking of the administration's budget proposal, Senator Graham bluntly said, “we are going to kill it and replace it with something that makes sense,” adding, “we’re going to kill [the rescission proposal], too.”8 Dismissing the president's request as a starting point for deliberations on the budget, Senator Bob Corker, Chairman of the Senate Foreign Relations Committee, commented that “discussing the budget [proposal] is not a productive use of our time.”9 On the Democratic side, Senator Chris Coons accused the Trump administration of “ignor[ing] the will of Congress” by submitting “a budget request nearly identical to last year’s request which was rejected robustly on a bipartisan and bicameral effort by Congress.” Graham predicts that the FY19 foreign assistance budget will ultimately be “closer to last year’s numbers.”10

Since his confirmation as Tillerson's successor as secretary of state, Mike Pompeo has tried to assume a very different posture, repeatedly declaring that he wants to help the State Department “get its swagger back.”11 Several analysts have expressed optimism that Pompeo would empower the State Department and fight for its interests, citing praise for his management of the Central Intelligence Agency. Indeed, the new secretary of state has already taken some welcome steps, including lifting the hiring freeze on eligible family members and pledging to fill long vacant senior-level positions in the department.12

A closer look at Pompeo’s early tenure at the State Department, however, paints a less encouraging picture. For instance, Pompeo has touted his decision to lift Tillerson’s controversial freeze on civil and foreign service hiring, but several administration officials said on background that this is largely a public relations gimmick. While department bureaus have been told they can hire “consistent with the funding levels that Congress recently enacted,” many have already exceeded the staffing levels that can be supported by the current budget, suggesting that new hiring will be extremely limited.13

Even more importantly, there is no evidence so far that Pompeo is prepared to lobby for additional resources for the State Department. During budget hearings on the Hill, he went beyond delivering a perfunctory defense of the president’s proposal to insist that the department does not need additional funding beyond the level in the FY19 request. When pressed on whether the department requires more resources, Pompeo emphasized that “we also believe we have enough resources today,” adding, “we don’t think there are funding shortfalls that prevent us in the near-term from

doing the things we need to do.”

While Congress will almost certainly ignore the president’s budget request for the second straight year, it is by no means clear that the administration will change course and modify future budget requests to address congressional priorities. As we argued last year, we still believe there is value in analyzing the president’s request because “the details of this budget request are an important reflection of this administration’s...thinking, priorities, and approach to the region.” Consistent with practice in previous years, this report will go beyond the numbers in the president’s request and recent congressional appropriations to examine changes to the types of programming that the United States supports and what that reveals about the broader policy debates within the administration.

The report is based on a variety of sources, including analysis of all relevant budget documents and legislation; interviews with U.S. officials, past and present, and congressional staff; and discussions with a wide range of other relevant actors, such as representatives of democracy and human rights organizations and civil society activists. In the following sections, we will leverage these resources to offer an in-depth analysis of the trajectory of U.S. foreign assistance in the Middle East and North Africa, with a special emphasis on U.S. efforts to support human rights and democracy.

14 Ibid.
At first blush, the Middle East and North Africa seem to make out fairly well in the FY19 request. The administration is seeking $7.002 billion in total assistance for the region, six percent more than the FY18 request of $6.605 billion.\(^{16}\) This figure falls firmly in the middle of the range of assistance levels Congress appropriated for the MENA region between FY13 and FY17, suggesting continuity between the Obama and Trump administrations. And, as we reported last year, MENA countries were for the most part exempted from the draconian cuts the Trump administration proposed for other regions in FY18.\(^{17}\)

However, when the assistance request is viewed on a country-by-country basis, a more complex story emerges. The six percent increase in total assistance for the region appears to be driven completely by major upticks in aid to Israel and Jordan that were mandated by two recent bilateral memoranda of understanding (MOUs). Under the 2017 U.S.-Israel MOU, FMF funding to Israel was slated to increase by $200 million to $3.3 billion in FY19.\(^{18}\) Similarly, in a 2018 MOU with Jordan, the United States pledged to provide a minimum of $1.275 billion in overall assistance beginning in FY19, which is $250 million more than the administration requested for Jordan in FY18.\(^{19}\) Both of these increases are reflected in the president’s FY19 request. Excluding assistance to Israel and Jordan, the Trump administration is actually proposing a 3.1 percent decrease in assistance to the rest of the MENA region, compared to the FY18 request.

Like last year, the administration is not seeking major changes in the breakdown of assistance for the region by objective or program area. Unfortunately, this perpetuates a status quo in which U.S. assistance to the Middle East and North Africa is over-militarized. The request for the Peace and Security objective of $5.44 billion constitutes 77.7 percent of all funding requested for the region in FY19.\(^{20}\) While this represents a slight decline from the 80.5 percent in the FY18 enacted appropriations, the Peace and Security request still increased in absolute terms by 2.3 percent.

By contrast, the administration is seeking a decrease in democracy and governance funding for the MENA region for the second consecutive year. The FY19 request calls for a further five percent decrease in GJD funding on top of the 30 percent cut requested in FY18.\(^{21}\) By point of comparison, the GJD component in Trump’s request constitutes just four percent of all funding for the region, while the share of democracy and governance funding during the Obama administration averaged 5.9 percent annually.\(^{22}\)

Successive administrations have fixated on military assistance at the expense of other forms of aid, particularly democracy assistance. What appears to be new with this administration is the degree to which it openly acknowledges that political reform and human rights are not priorities. An internal State Department memo makes clear that the administration views the promotion of human rights as a way to “impose

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costs, apply counter-pressure, and regain the initiative” in adversary countries, not as a universal good that should be advanced in all countries, friend and foe alike.\(^{23}\) The central flaw in this thinking is that democracy and governance issues cannot be neatly separated from traditional security interests. This is because the status of human rights and political development throughout the region has a direct bearing on the level of political and physical stability in these countries. For this reason, the U.S. government’s continued myopia regarding security issues is not just short-sighted; it is self-defeating.

The following sections provide an update on

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a number of structural and account changes originally proposed by the Trump administration in its FY18 request that could have a significant effect on U.S. assistance to the MENA region. While these initiatives met major resistance from both Congress and executive agencies, the administration has not yet abandoned them fully.

**STATE DEPARTMENT AND USAID REORGANIZATION**

As described in last year’s edition of this report, then-Secretary of State Tillerson embarked on an ambitious reorganization of the State Department and USAID, pursuant to an executive order from President Trump to improve the efficiency and effectiveness of executive branch agencies. There was widespread speculation that the purpose of “the Redesign” was to gut the department, including by laying off hundreds of “unnecessary” employees and closing entire bureaus and overseas missions. The Bureau of Conflict Stabilization Operations (CSO), which was established during the Obama administration, and the Bureau of Democracy, Human Rights, and Labor (DRL) were said to be in the administration’s crosshairs.

The Redesign met staunch resistance not only from the State Department but also from members of Congress, who feared the reorganization would fatally weaken U.S. diplomacy and undermine national security. Congress was dismayed by what it viewed as a lack of transparency regarding the assumptions, process, and goals of the initiative, which exacerbated suspicions of the administration’s ulterior motives. Opponents of the Redesign derided Tillerson’s reliance on external consulting firms, who were paid $12 million, while the imposition of a hiring freeze seemed to confirm his determination to downsize the department. Capturing the prevailing attitude on the Hill, Senators Ben Cardin [D-MD], then-ranking member on the Senate Foreign Relations Committee, and Todd Young [R-IN] sent a letter to Deputy Secretary of State John Sullivan in December of 2017 expressing “significant concerns” about the Redesign, demanding that the department “enhance its transparency with

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Congress,” and warning that “reforms conducted without Congress, or in opposition to the will of Congress, will be small-scale, temporary, or both.”

This chorus of opposition ultimately led Tillerson to significantly scale back the ambitions of the Redesign. In early 2018, Politico revealed that the Redesign had evolved into “The Impact Initiative,” a list of comparatively modest reforms that would conclude the initiative. Instead of eliminating bureaus or shedding staff, Tillerson proposed moving the department’s email and other IT services to cloud-based platforms, merging scattered databases, and moving certain responsibilities to Washington-based employees to free up the time of diplomats in the field. The former secretary of state did make his footprint on the department’s structure, as manifested in the elimination of dozens of special envoys and the departure of 60 percent of career ambassadors, but this largely took place outside of the formal review process.

Meanwhile, USAID, which suspended cooperation with the State Department’s Redesign in January, is proceeding with a more far-reaching reorganization under USAID Administrator Mark Green. In contrast to Tillerson’s aborted effort, Green’s proposal has received substantial support from his own employees and Congress. The plan, which is known as the “transformation,” calls for creating two new associate administrators to relieve the management burden on the administrator, consolidating the budget and policy offices to reflect the fact that “budget drives policy,” and creating a new Bureau for Development, Democracy, and Innovation, which Robbie Gramer and Dan De Luce of Foreign Policy describe as a “dumping ground for miscellaneous offices ranging from coordination on education...to technical staff from regional bureaus.” USAID officials told Gramer and De Luce that, if Congress approves these changes, it could take 12 to 18 months to implement them. It appears that USAID, unlike the State Department, is on track to undertake a major reorganization, and that is, according to Jeremy Konyndyk of the Center for Global Development, because “Mark Green has been really smart how he has set this up.”

ECONOMIC SUPPORT AND DEVELOPMENT FUND (ESDF) AND HUMANITARIAN ASSISTANCE

Like last year, the administration’s FY19 request consolidates the Economic Support Fund (ESF); Development Assistance (DA); Democracy Fund (DF); Assistance for Europe, Eurasia, and Central Asia (AEECA); and International Organizations and Programs (IO&P) accounts into the Economic Support and Development Fund (ESDF). While the FY19 request ($5.1 billion) for this consolidated fund is $125 million more than in the FY18 request, it would still represent a 44 percent reduction as compared to the combined appropriation for all of these accounts in FY17 ($9.2 billion). In the CBJ, the

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29 Ibid.
administration suggests that consolidating these accounts is necessary to “enable the Department of State and USAID to better assess, prioritize, and target development-related activities in the context of broader U.S. strategic objectives and partnerships.”30 One administration official interviewed for this report argued that the creation of a single account for these activities would facilitate trade-offs among priorities, enhancing the State Department and USAID’s flexibility to adapt to straitened budget circumstances. Another official explained that the administration “believe[s] the traditional distinctions between the two accounts [ESF and DA] are artificial, and reduce programming flexibility unnecessarily.”

However, as we noted in last year’s edition of this report:

Though the objectives and initiatives advanced by DA and ESF often overlap, the two accounts (at least in theory) diverge in terms of how they prioritize advancing U.S. foreign assistance. Attempting to stabilize volatile regions of particular importance to U.S. interests through targeted investments is often a primary objective of ESF funding, even if some of the programs funded are indistinguishable from DA programs, such as funding for education and public health in the MENA region. Scott Morris, an analyst at the Center for Global Development, noted that ‘ESF objectives are driven by [US] strategic considerations, not poverty reduction.’ DA-funded programs, though addressing similar issues, often demonstrate a greater focus on the goal of global development for development’s sake, as opposed to development to advance specific U.S. national security objectives.31

The lack of flexibility that the administration decries is partly by design. In the absence of barriers to moving funds between accounts, it would be much easier for an administration to concentrate all funding in a small set of programs to the detriment of others that tend to be lower priorities, such as democracy and governance or development. It is partly for this reason that Congress rejected the FY18 proposal to consolidate these funds, and will almost certainly do so again in FY19. The fact that Members of Congress did not engage on the ESDF proposal in multiple budget hearings suggests that it will not be taken seriously in the appropriations process. In FY18, Congress rejected outright not only the significant reduction in funds requested for these accounts, but the consolidation proposal altogether.

In a similar vein, the administration is again seeking to eliminate the Food for Peace (FFP) and the Emergency Refugee and Migration Assistance (ERMA) accounts. The administration has sought to frame this proposal as an accounting measure, insisting that it will continue to support the same programming

as in the past but through different accounts. For instance, the International Disaster Assistance (IDA) account, which has been used “in concert with Title II [Food for Peace] grants to provide emergency food assistance since 2010,” will substitute for FFP, while the Migration and Refugee Assistance (MRA) account will be used in lieu of ERMA. The administration’s paltry FY19 requests for IDA ($3.6 billion) and MRA ($2.8 billion), which are 14 and 17 percent lower than the FY17 appropriated levels, respectively, seem to undercut the administration’s claim that programming would be relatively unaffected by the elimination of FFP and ERMA.

Any potential decrease in humanitarian assistance would have dire consequences for the MENA region, which has been plagued by multiple armed conflicts that have already displaced millions of people. As just one example, Yemen in FY17 received nearly $300 million in FFP funds, which would consume over eight percent of the total FY19 IDA request. To this point, Senator Jeff Merkley (D-OR), during the Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs (SACFO) budget hearing, argued that “Zeroing out that budget [FFP] means putting millions of people at risk of starvation.” During the House (HACFO) hearing, Representative Barbara Lee (D-CA) also indicated concern about the proposed elimination of FFP, to which USAID Administrator Mark Green responded, “I’m not going to suggest to you that we can meet every humanitarian need that’s out there with this budget request...We are trying to balance needs here at home with leadership on the world stage.” On this basis, it seems likely that Congress, just as in FY18, will reject the elimination of the FFP and ERMA accounts and appropriate more humanitarian assistance than the administration has requested.

FOREIGN MILITARY FINANCING
LOANS VS. GRANTS

Unlike the changes proposed for economic and humanitarian accounts, the administration has scaled back its dramatic proposal in FY18 to move nearly every FMF recipient from grants to loans. Last year, the administration initially exempted just one country, Israel ($3.1 billion), from its plan to eliminate FMF grants, before also allowing Egypt ($1.3 billion), Jordan ($350 million), and Pakistan ($100 million) to also maintain their grants. This proposal met stiff resistance from Congress and was opposed by administration officials interviewed for last year’s edition of this report. Senator Graham expressed concern that foreign governments would seek other weapons suppliers in the absence of grant assistance, while administration officials said on background that it could be irresponsible to ask cash-strapped governments to take on loans they might not be able to repay. In interviews for this year’s report, administration officials noted that the Tunisian government protested the proposed elimination of its FMF grants, claiming that it would have been unable to afford to purchase U.S. equipment with deleterious implications for Tunisian security.

For FY19, the administration has restored FMF grant requests for all traditional FMF recipients in the MENA region, except Iraq and Morocco. Other regions did not fare as well, as the FY19 request seeks FMF grants for only 10 countries (most in the MENA region), which stands in stark contrast to the 45 countries that received grants in FY17. Indeed, the administration still requested $75 million to be available for countries on a loan basis. According to the CBJ, “where possible and appropriate, the U.S. government will seek to use loans to solidify partner-nation commitments and leverage U.S. assistance to the greatest effect.”
in order to “provide the Department with the flexibility necessary to meet pressing security challenges.” Although congressional leaders have not brought up the issue as forcefully as last year, there are no indications that their hostility to eliminating FMF grants has abated. In all likelihood, Congress will appropriate FMF grants for many of the countries that would lose them under the administration's proposal.

DEPARTMENT OF DEFENSE

While the focus of this report is foreign assistance administered by the Department of State and USAID, it is important to acknowledge the growing role played by the Department of Defense (DOD) in designing, funding, and implementing foreign aid. Over the past decade, that assistance has averaged approximately $10 billion per year globally, ranging from humanitarian relief (including $116 million requested for FY19) to more traditional military equipment and training. The FY17 National Defense Authorization Act (NDAA) further solidified DOD’s assistance role, creating a new chapter in U.S. code for security cooperation that consolidates superfluous accounts and requires better monitoring and evaluation. As a part of the reforms, the NDAA instituted a new requirement to produce an annual budget report for its security cooperation programs and activities in order to facilitate congressional oversight and provide more public transparency, including on how the “Department plans, programs, and prioritizes” security cooperation.\(^{32}\)

The first iteration of this report, which was released in February 2018, includes the administration’s FY19 request for DOD assistance programs, but it does not provide a country breakdown, in total or by authority, making it difficult to ascertain how much or for what objective aid is being provided to specific countries.\(^{33}\) What we do know is that the FY19 request for the Counter-ISIS Train and Equip Fund (CTEF) includes $850 million for Iraq, $350 million for the Vetted Syrian Opposition, and an additional $250 million in border security possibly for Lebanon, Jordan, Egypt, and Tunisia.\(^{34}\) In addition, $1.4 billion has been requested under DOD’s Section 333, the new global train and equip account, in both base and OCO funding. Based on previous years, MENA countries are likely to receive at least half of these funds.\(^{35}\) One analyst interviewed for this report questioned whether the amount of DOD foreign assistance would continue at its current levels, noting that U.S. involvement in the region’s wars may be winding down, but military assistance funding in DOD accounts has equaled or surpassed that of State Department-funded accounts for over a decade.\(^{36}\)

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OFFICE OF NEAR EASTENS AFFAIRS
ASSISTANCE COORDINATION (NEA/AC)
AND THE MIDDLE EAST PARTNERSHIP
INITIATIVE (MEPI)

The State Department’s Office of Assistance Coordination in the Bureau of Near Eastern Affairs (NEA/AC) was established in 2014 to improve coordination of all assistance for the region provided through the Function 150 international affairs account, including all USAID-managed assistance for the MENA region. NEA/AC’s origins lie in the Office of the Special Coordinator for Middle East Transitions that the Obama administration created in 2011 to coordinate the U.S. assistance response to the Arab uprisings. As described in previous editions of this report, NEA/AC absorbed the Office of the Middle East Partnership Initiative (MEPI), a State Department aid program established during the Bush administration to support “governments and their citizens to achieve shared political, economic and stability objectives,” during the tenure of former Assistant Secretary of State for NEA Anne Patterson.37

A former State Department official who was interviewed for this report argued that NEA/AC’s coordination function “is important while its structure is not,” calling the office a “fundamentally flawed but well-intentioned entity” with a major weakness. According to this official, the ability of NEA/AC to function as a neutral arbiter of competing assistance programs is hampered by its other role in administering MEPI, a rival of competing aid implementers, an arrangement that “kills NEA/AC’s credibility” within the government assistance bureaucracy. One representative of an NGO that implements democracy programming suggested that NEA/AC staff have become less relevant to U.S. government strategies for assistance, with the State Department reverting to the old system in which the inherently more cautious embassies “call the shots” on programs. The only exceptions to this were a few countries where MEPI has been active for some time, such as Yemen and Tunisia.

MEPI, for its part, is operating in a very difficult environment, given the administration’s skepticism toward foreign assistance and democracy aid, in particular. For the second consecutive year, President Trump’s request seeks a major reduction in funding for MEPI. The administration’s request of $19.2 million is 23.2 percent less than the $25 million request for FY18, which was itself a 58.3 percent decline from the previous year.38 If enacted, this funding level would be the lowest in the history of MEPI, which began in 2002. However, this declining support for MEPI is not a new phenomenon. In the waning years of the Obama administration, senior officials began to question the value of democracy programming in the MENA region, as it underwent an authoritarian backlash. It is notable that the Obama administration’s final request for MEPI in FY17 was also its lowest ($60 million).

The Trump administration’s proposal to drastically cut MEPI funds nevertheless represents an intensification of this trend. Multiple administration officials interviewed for this report said that MEPI has accelerated ongoing efforts to “rebrand” itself to appear more relevant amid changing circumstances. Responding to the administration’s disinterest in democracy programming, MEPI has sought to shift resources from its “participatory governance” core objective to the “inclusive economic opportunity” objective to appeal

to the economic-minded White House.\textsuperscript{39} In the FY18 request, the administration only requested $6 million for GJD programming, which was just 26 percent of the total MEPI request. The funding breakdown between economic and GJD programming is more equal in the FY19 request, with this year’s request of $8 million amounting to 42 percent of the total. This figure nevertheless stands in stark contrast to the program’s previous funding profile; 75 percent of all MEPI funding requested during the Obama administration’s eight years were for the GJD objective.

MEPI officials defend this increasing prioritization of economic programs on policy grounds, noting that “almost 70 percent of the citizens in the MENA region cite poverty, unemployment, and inflation as the most important challenges facing their countries.” Economic reform has always been part of MEPI’s mission since its inception in the last decade, and State Department officials argue that such programming can have positive repercussions for governance in the region, noting that “equitable economic conditions are essential to stable democracies.” Nor has MEPI abandoned all GJD programming. The program has adopted a focus on women’s empowerment, and just recently issued a solicitation for political parties work in Tunisia. A former State Department official noted that MEPI can still have a comparative advantage working in crisis and non-permissive environments due to its ability to respond fairly quickly to new opportunities for programming.

There is nevertheless a strong feeling in the democracy promotion community and among administration officials who wish to support democracy and governance in the region that MEPI has steadily turned its back on the types of programming that used to differentiate it from other implementers. According to these officials, MEPI is now reluctant to support programs that could antagonize host governments, including support for independent civil society, which previously had been the program’s niche. One representative of a democracy NGO lamented this change, observing that “MEPI only works if it is antagonistic.” A former administration official said, “it feels like something has been

lost,” while a current State Department official suggests that MEPI “doesn’t operate in the same space” as DRL and is no longer committed to supporting human rights in the same way. Another representative from a democracy promotion organization said that MEPI was of “diminishing importance,” adding that it is “not much of a factor anymore” in democracy and governance work in the MENA region.

Other changes in how MEPI conducts programming have also raised concerns in the democracy promotion community. MEPI’s approach to program design appears to have become increasingly reliant on academic research, as opposed to the experience of implementers, in program design, which is referred to as an “evidence-based” approach in the CBJ. One representative of a democracy NGO described this as a “disturbing tendency,” arguing that the record of past academic turns in programming were not encouraging. Another member of the same organization acknowledged that introducing more academic rigor into program design could be useful, but cautioned that it would be a mistake to ignore input from other sources. Similarly, democracy promotion organizations have objected to what they view as programming decisions driven by narrow U.S. policy interests rather than being responsive to local demands in the region. MEPI is in the process of conducting a country-by-country strategic review of priorities without the input of democracy promotion organizations, alarming this community. According to one of the democracy NGO officials, MEPI had previously excelled in “trying to empower people to have a bigger influence on decisions that affect their lives” irrespective of any immediate policy interests, but this is now “totally gone.”

Unlike other programs that the Trump administration has sought to diminish, MEPI does not necessarily have a strong constituency in Congress. As noted in last year’s edition of this report, congressional support for MEPI is lagging, which was borne out in the FY18 appropriations process.40 Though Congress appropriated 90 percent more funding ($47.5 million) than the administration requested, it also increased an earmark for scholarships ($20 million), leaving only $27.5 million for MEPI to program freely. Dwindling resources have already had their effect on the pace of MEPI programming, with fewer notices of funding opportunities (NOFOs) being issued than in the past.

Although MEPI’s efforts to rebrand itself as focused on economic empowerment rather than democracy and human rights is understandable from the perspective of organizational preservation, there is little evidence that it is succeeding in this regard. One State Department official interviewed for this report could not recall a single example of a political appointee in the department advocating on behalf of MEPI. A democracy promotion representative commented that MEPI was “shooting in the dark” for the entire period that Tillerson was secretary of state, struggling to find a patron in a hostile environment. Secretary Pompeo’s attitude toward MEPI is unclear, as is that of the nominee for NEA assistant secretary, David Schenker. Unless MEPI can make inroads with new arrivals in the department, the future of the program will be cast even further into doubt.

BUREAU OF DEMOCRACY, HUMAN RIGHTS, AND LABOR (DRL)

The Bureau of Democracy, Human Rights, and Labor (DRL) leads the State Department’s efforts to advance democratic institutions, human rights, and the rule of law. While DRL is probably best known for its annual reports on human rights, child soldiers, labor, and international religious freedom practices, it also plays an important role in implementing the Leahy Law, which prohibits the U.S. government from providing military assistance and training to foreign military and security units that commit gross violations of human rights, by conducting required vetting of potential recipients of U.S. security assistance.

40 McInerney and Bockenfeld, “The Foreign Affairs Budget: Democracy, Governance, and Human Rights in the Middle East and North Africa.”
Importantly, DRL also implements a variety of aid programs focused on democracy and governance, including support for independent civil society and programs designed to protect human rights.

In FY19, the administration’s $59.2 million request for DRL programming is a 26 percent increase from the FY18 request of $47 million, but remains a staggering 61 percent below the FY18 appropriation of $150.4 million. The administration claims that the substantially reduced funding would nevertheless support programs that would both “align with national security goals, including defeating ISIS and terrorist groups, by addressing conditions contributing to these threats such as poor governance, corruption, and rights abuses,” and also “aid transitions to democracy, openness in repressive states, and preserve space for civil society to enhance security.” According to the CBJ, DRL’s priorities will be “protecting victims of religious persecution, promoting rule of law in China, and improving the free flow of information in the DPRK.” The conspicuous lack of any reference to the MENA region appears to be a reflection of the administration’s conviction to, in the words of former Assistant Secretary of State for DRL Tom Malinowski, “use human rights as a weapon to beat up our adversaries while letting ourselves and our allies off the hook.”

The breakdown of funding requested for FY19 includes rule of law and human rights ($28.65 million), good governance ($2 million), political competition and consensus building ($2.5 million), and civil society ($26.05 million). These figures match the FY18 request, except for an additional $12.2 million in support of civil society programming. This increase is intended to partially offset a substantial reduction in funding for the National Endowment for Democracy (NED) and other 501(c)(3) organizations, pursuant to the administration’s desire to cease direct

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41 Both the FY18 and FY19 CBJs provide a total request for FY18 DRL funds at $47 million and a separate conflicting amount at $50 million, which appears to have been a clerical error.

support for these organizations.\textsuperscript{43} DRL officials believe their willingness to work with nascent or non-registered groups, particularly in countries with governments antagonistic to civil society, represents a comparative advantage over USAID, MEPI, and other program implementers.

During the Obama administration, Congress regularly provided more funds than the administration requested. But this trend has accelerated in the last few years. For FY17, Congress appropriated nearly double the request for DRL, allocating $145 million in response to a $75 million request. In a stern rebuke of Trump’s first budget request, Congress appropriated over $150.4 million for DRL in the FY18 Consolidated Appropriations Act, 220 percent more than the administration was seeking.

Even though Congress appropriated substantially more funding in FY18 than Trump requested, an administration official interviewed for this report said that the low budget requests for DRL send a signal to the government bureaucracy that democracy programming is not a priority, making it more difficult to proceed with some grants. Senior State Department officials in Washington and out in the field who oppose democracy-related programming for fear of antagonizing local governments have reportedly felt emboldened in this environment. Former Secretary Tillerson’s hiring freeze has been another obstacle for DRL’s programming. The inability to hire additional full-time employees has reportedly had an adverse effect on program implementation and grant monitoring.

DRL’s policy influence has also suffered as a result of disinterest in human rights and democratic development at high levels in the administration, according to several officials. The continued absence of an assistant-secretary nominee for DRL has further complicated the bureau’s struggle for relevance in the Trump administration. DRL’s overtaxed front office, which currently consists of three deputy assistant secretaries (one of whom has been designated the “senior bureau official”), do not have “the bandwidth to do what is necessary” to advance the bureau’s policy priorities, according to one official. Another administration official indicated that this problem is particularly acute in the MENA region, where other than on Iran and Syria, which are U.S. adversaries, the bureau has been completely sidelined in policy discussions.

Looking ahead, the administration’s budget request for DRL is unlikely to satisfy Congress, which can be expected to appropriate far more than the $50 million requested. The appointment of a new secretary of state, moreover, could create opportunities for DRL to expand its policy influence in the administration. One State Department official interviewed for this report noted that soon after his arrival in Foggy Bottom Secretary Pompeo met with DRL’s senior bureau official and expressed “sympathy” for the bureau’s work. It is far too early to tell whether this sympathy will translate into openness to DRL’s policy positions, but Pompeo’s engagement is nevertheless a positive contrast to Tillerson’s visible lack of interest in the bureau.

\textbf{NEAR EAST REGIONAL DEMOCRACY FUND (NERD)}

The Near East Regional Democracy (NERD) program provides most of the resources for U.S.-funded democracy and human rights programs directed toward Iran. Established in March 2009, the NERD Program is the successor to the Bush administration’s Iran Democracy Fund, and, though Congress has not legally designated it explicitly for Iran, it is broadly understood that funding for the program is provided for that purpose.

NERD-funded programming primarily consists

of projects and trainings (conducted outside of Iran) devoted to freedom of expression and defending human rights, as well as developing digital media tools to promote transparency, Internet freedom, and access to secure communications technology. Additionally, since FY15, language in the House of Representatives report accompanying its draft appropriations bill has directed “a portion of the funds […] to support programs to increase the participation of women in politics.” NEA and DRL share NERD funds, with DRL responsible for 20 percent of the money according to one U.S. official’s estimate.

The administration is seeking $15 million for NERD funding in the FY19 request, the same level of funding requested in FY18. Under President Obama, every budget request from FY13 to FY17 sought $30 million for the account, though Congress generally exceeded the request. In FY18, Congress responded to the Trump administration’s proposed cut by appropriating $42 million, a $10 million increase over FY17 levels. The $42 million figure is the largest amount ever designated for the NERD program, $11.8 million of which Congress directed to support Internet freedom programs.44

Given the congressional response to the proposed reduction in FY18 and the changing geopolitical landscape, there is little reason to think that Congress will consider reducing NERD funding in FY19 appropriations. On the contrary, considering Trump’s recent decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) and his administration’s open hostility toward Iran, it will be interesting to see whether the president and Congress double down on democracy programs for Iran in hopes of undermining the Iranian government. Indeed, immediately after the JCPOA decision was announced, some conservative commentators suggested increasing support for Iranian dissidents and democracy programs to “speed up the democracy clock.”45 If the administration adopts regime change as its objective in Iran, NERD funding would be likely to attract greater scrutiny both within the government and outside of it.

**NATIONAL ENDOWMENT FOR DEMOCRACY (NED)**

The National Endowment for Democracy (NED) is an independent, non-governmental institution “dedicated to the growth and strengthening of democratic institutions around the world.”46 It receives annual appropriations and additional discretionary funding from Congress, where it enjoys strong bipartisan support. The NED sub-grants a large portion of its annual appropriation to its four “core institutes,” which include the National Democratic Institute, the International Republican Institute, the Center for International Private Enterprise, and the American Center for International Labor Solidarity (aka Solidarity Center).47

The Obama administration consistently requested $103-105 million for the NED, though Congress appropriated funding in excess of this level every year. The FY18 budget process followed the same script, with the Trump

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47  According to a 2018 Inspector General report, 38 percent of the NED’s annual appropriation went to the core institutes: https://oig.state.gov/system/files/aud_fm_18_24_comp.pdf
administration requesting $103.5 million, and Congress then appropriating $170 million in the FY18 Consolidated Appropriations Act.

The FY19 budget request, however, proposes a dramatic cut in NED funding, seeking only $67.3 million in funding, a 60 percent reduction as compared with FY18 actual levels. If enacted, this would be the lowest appropriation since FY05.\(^48\) In February 2018, Director of the State Department’s Office of U.S. Foreign Assistance Resources Hari Sastry called the $36.2 million reduction “a recognition that this administration is not going to fund 501(c)(3) organizations directly.” He added, “So that money has actually been moved to both [the State Department’s Bureau of Democracy, Human Rights, and Labor and USAID’s Bureau of Democracy, Conflict, and Humanitarian Assistance].”\(^49\) According to the CBJ, “NED grantees that are 501(c)(3) organizations eligible to compete for [U.S. government] funding will be encouraged to compete for federal funding directly from USAID’s Democracy, Human Rights and Governance (DRG) Office and the Department of State’s Bureau of Democracy, Human Rights, and Labor (DRL).” Administration officials interviewed for this report offered several motivations for this change, including that it was aimed at “encouraging competition” for these funds and that it would be easier to exercise oversight over large grants issued to two organizations than over a multitude of smaller grants.

This radical change would eliminate funding for the four core institutes, which could threaten many programs that the State Department, USAID, or private contractors are unable or unwilling to undertake. NED President Carl Gershman told the Washington Post in March 2018 that, “If implemented, the proposal would gut the program, force crippling layoffs and the symbolic meaning would also be shattering, sending a signal far and wide that the United States is turning its back on supporting brave people who share our values.”\(^50\) Individuals working on U.S. democracy promotion programs emphasized this drastic shift would severely damage long-standing and successful projects around the globe, and they expressed concern that this was precisely the administration’s goal.

The Trump administration’s apparent unwillingness to support 501(c)(3) organizations might also affect other organizations. As Tom Hill, a former congressional staffer, wrote in February 2018, “In addition to the NED, the elimination of direct funding to 501(c)3 organizations would mean no more money to Radio Free Europe-Radio Liberty, Radio Free Asia, and the Middle East Broadcasting Networks […] as well as the Asia Foundation and the East-West Center. It could also mean a cut to funding for programs implemented by organizations like Freedom House [and] Mercy Corps.”\(^51\)

Congress seems unlikely to consider the proposal seriously, especially given its overwhelming support for the NED in recent years. In fact, Senators Marco Rubio (R-FL), Lindsey Graham (R-SC), John McCain (R-AZ), Todd Young (R-IN), and Dan Sullivan (R-AK) wrote a letter in December 2017, urging Mick Mulvaney, the director of the Office of Management and Budget, to reconsider the proposed cut, saying it would undermine U.S. interests and violate U.S. law.\(^52\)

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Most U.S. democracy and governance programs in the Middle East and North Africa are funded through bilateral assistance accounts and are administered by USAID, which also oversees most bilateral aid to support economic development. There are currently six USAID missions in the region: Egypt, Iraq, Jordan, Lebanon, Morocco, and the West Bank/Gaza. The USAID mission in Yemen is closed due to the ongoing conflict. Libya does not have a formal mission, but USAID staff members work on the country from the U.S. embassy in Tunis while the U.S. embassy in Tripoli remains closed. USAID is planning to establish a full-fledged mission in Tunisia, as discussed later in the report.

The forthcoming sections describe U.S. assistance—including for GJD, economic reform and development, security assistance, and humanitarian aid—to these locations, along with assistance for Syria, which does not have a USAID presence. Syria has not traditionally been a recipient of U.S. assistance, but the United States now spends significant resources to address issues arising from the ongoing conflict in the country.
**EGYPT snapshot**

- Recent arrests of peaceful pro-democracy activists, researchers, and government critics suggest that President al-Sisi is aiming to transform Egypt from an authoritarian system that limits independent political space into a totalitarian one that wants to eliminate it entirely.

- With democracy and governance programs de-emphasized, programming designed to “ramp up” Egypt’s economic development will be prioritized.

- The Trump administration has followed through on two U.S. military assistance package changes instituted by the Obama administration: the elimination of Cash Flow Financing and the requirement that FMF funds should be spent on the “Four Pillars” of counterterrorism, the Sinai, and border and maritime security.

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**TOTAL BILATERAL ASSISTANCE**

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<th>Military and Security Assistance</th>
<th>Other Economic Assistance</th>
<th>Governing Justly and Democratically (GJD)</th>
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**FY19 Total:** $1304.5 million

**GJD FUNDING, FY10-19**

- Civil Society
- Political Competition, Consensus Building
- Good Governance
- Rule of Law & Human Rights

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
Egypt is in the most repressive period of its modern history, far exceeding the level of abuses committed under former President Hosni Mubarak. Civil society activities, even those not explicitly anti-regime, have been effectively criminalized. Press censorship is rampant, and security services have reportedly acquired control over putatively independent news outlets. Egypt is the third worst jailer of journalists worldwide, accounting for 10 percent of all those incarcerated globally. Notwithstanding an occasional prisoner release to mark major holidays, there are as many as 60,000 political prisoners in Egyptian jails.

The regime is increasingly relying on torture as a method of control and punishment, while at least several hundred people have become victims of “enforced disappearances,” as security services detain individuals incommunicado for weeks and sometimes months at a time. In late 2017, the security services conducted a harsh crackdown on Egypt’s LGBTQ community, arresting at least 75 people and sentencing 16 people to jail time for debauchery. Discrimination against Coptic Christians remains intense and structural, as a perceived lack of security at Christian holy sites has led to growing alarm in the Coptic community. The Egyptian military’s indiscriminate tactics in the Sinai Peninsula continue to cause civilian casualties; more than five thousand families have been displaced, and there have been credible reports of extra-judicial killings. Recent arrests of peaceful pro-democracy activists, researchers, and government critics previously left alone by the regime suggest that President Abdel-Fattah al-Sisi is aiming to transform Egypt from an authoritarian system that limits independent political space into a totalitarian one that wants to eliminate it entirely.

Egypt’s authoritarian turn descended to new depths with its March 26-28 presidential election, which was widely viewed as a farce. President al-Sisi systematically removed from the race all credible competitors, including a former prime minister and a chief of staff of the armed forces, through a combination of threats, arrests, and barriers to campaigning. When the registration window closed, al-Sisi’s sole opponent was an obscure political figure who only days before had been leading a campaign to collect signatures for al-Sisi’s nomination. Draconian restrictions on speech, assembly, and press meant that even if al-Sisi had permitted a real challenger to run, it would have been all but impossible to mobilize voters behind an alternative candidate. Although al-Sisi ultimately cruised to re-election with 97 percent of the votes, the election was marred by low turnout and over 1.7 million spoiled—many deliberately—ballots. Despite securing

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another four-year term as president, al-Sisi’s heavy-handed tactics appear to have alienated elements of the military, which remains the central pillar of his power base. Press reporting in Egypt indicates that al-Sisi will now turn to amending the constitution to remove presidential term limits, extend the length of the president’s term, and/or increase presidential powers. He is also reportedly exploring the possibility of establishing his own party, a new National Democratic Party (NDP), on which he could rely to carry out his initiatives, including potential constitutional amendments.

The U.S. government’s posture toward Egypt has been deeply conflicted. President Trump has cultivated a strong relationship with al-Sisi, who he views as a “fantastic guy,” and has approved of his handling of the country, noting, “He took control of Egypt. And he really took control of it.” Trump met with the Egyptian president three times in 2017 and conducted at least five official phone calls. In 2018 so far, Trump has spoken to al-Sisi on the phone at least twice. Striking a discordant note with the State Department, which refrained from congratulating al-Sisi on his re-election and noted “constraints on freedoms of expression and association in the run-up to the elections,” Trump called al-Sisi in early April and “congratulated” the Egyptian president on securing his second term.

Despite the apparent warm camaraderie between Trump and al-Sisi, the administration and Congress have become increasingly frustrated with several domestic and external Egyptian policies they deem to be inimical to U.S. interests. First, revelations of Egypt’s ongoing military, economic, and diplomatic relationship with North Korea, while the Trump administration was seeking to maximize pressure on the rogue nuclear state, rankled senior U.S. officials. Throughout 2017, Egypt reportedly rebuffed U.S. requests for Cairo to downgrade North Korea’s diplomatic presence in Egypt—the largest in the Middle East—and denied evidence of military cooperation. Second, after pledging to U.S. officials during his April 2017 visit to Washington to refrain from approving a controversial new NGO law in its present form, President al-Sisi “blindsided” Washington by proceeding to sign

In response, Secretary of State Tillerson announced a series of unprecedented punitive measures against Egypt in an effort to compel Cairo to modify its behavior in these areas. Tillerson’s announcement, which came in August of 2017, consisted of two parts. First, Tillerson ordered a total of $95.7 million in aid previously intended for Egypt - $65.7 million in FY17 FMF funds and $30 million in FY16 ESF — to be reprogrammed for other countries, in effect a cut to Egypt’s assistance package. The reprogrammed FMF funds were equivalent to the amount of funding that Senator Patrick Leahy (D-VT) placed on hold in 2014 due to his concern that Egypt was using U.S.-origin equipment to commit human rights violations in the Sinai.75 Administration officials report that most of the ESF was transferred to the West Bank/Gaza, while the fate of the FMF funds is still under discussion.

Second, while Tillerson exercised a national security waiver on the 15 percent of FY16 FMF funds tied to a human rights certification ($195 million) to prevent the two-year money from expiring, he instructed the Defense Security Cooperation Agency (DSCA), which controls the Federal Reserve account into which Egypt’s military aid is deposited, to refrain from using those funds pending Egyptian progress on ameliorating the U.S. concerns described above.76 Based on several interviews with administration officials, it appears that in exchange for the release of the FMF, the administration has asked Egypt to reduce the size of the North Korean embassy in Cairo—if not close it altogether, repeal the NGO Law or amend it to remove at least the provisions that violate U.S. law, and vacate the sentences against all 43 defendants in the 2013 case.

Congress has taken its own steps to register its displeasure with Egypt’s trajectory under President al-Sisi and to increase pressure on the Egyptian government to address U.S. concerns. New language on FMF funding for Egypt in the FY18 Omnibus reflects growing congressional attention to the deplorable state of human rights in the country. Most significantly, the law increases the amount of FMF funding conditioned on the human rights certification from $195 million (or 15 percent of the $1.3 billion annually appropriated for Egypt) to a flat $300 million, which amounts to 23 percent of the total. While the secretary of state will still have the option of waiving the human rights certification in “the national security interest of the United States,” Congress added another step to the certification conditions: Egypt must “investigate and prosecute cases of extrajudicial killings and forced disappearances.”77 The Congressional Record further elaborates that the cases covered by the new condition include Giulio Regeni, an Italian graduate student who was tortured and murdered, apparently at the hands of the Egyptian security services.78 In order to exercise the national security waiver, the FY18 Omnibus not only requires the secretary of state to submit

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75 Sharp, “Egypt: Background and U.S. Relations”
76 Ibid.
a report explaining why the human rights certification could not be made, as in prior years, but also for the first time mandates an “assessment of the compliance of the Government of Egypt with United Nations Security Council Resolution 2270 and other such resolutions regarding North Korea.” The secretary of state’s report, moreover, must be submitted in an “unclassified form,” presumably to facilitate its public disclosure.

Separately, Senator Leahy placed an informal hold on $105 million in FY17 FMF funds that the State Department notified to Congress in January and warned that he would also hold the $195 million in FY17 FMF funds tied to the human rights certification should the department subsequently notify it to the Hill. According to press reports and discussions with administration officials on background, Leahy has conditioned the release of his hold on Egypt’s implementation of a number of steps, including repeal of the 2017 NGO law, the resolution of the 2013 NGO case, granting the U.S. military access to the Sinai to observe the use of U.S. equipment, compensation for an American citizen who was badly injured in an errant Egyptian air strike on a tourist convoy in September of 2015, and a transparent investigation of Regeni’s death.79 However, there remain pockets of congressional support for Egypt, particularly in the House. Indeed, the FY18 appropriation for Egypt represented a compromise between the Senate, which wanted to reduce Egypt’s FMF level to $1 billion, and the House, which sought the full $1.3 billion free of human rights conditions. The increase in the amount of FMF subject to the human rights certification and proposed legislation critical of Egypt’s government, such as on the status of Christians and the “universal rights of the Egyptian people” nevertheless demonstrate that, on balance, congressional views toward Egypt are hardening.80

Despite growing concern with al-Sisi’s Egypt in the administration and in Congress, President Trump’s total FY19 assistance request for Egypt is identical to that of FY18. The CBJ refers to Egypt as “a partner on U.S. foreign policy priorities, including countering terrorism and maintaining the peace treaty with Israel,” and the Administration is again seeking $1.3813 billion in total assistance for Egypt. The ESDF portion of the request ($75 million) is, however, less than what Congress appropriated in FY18, $112.5 million.81 This relatively small request likely reflects the continuing difficulty of implementing economic programming in Egypt. Several administration officials interviewed for this report asserted that, while they are no longer experiencing the systematic obstruction of U.S. programs that defined the final years of the Obama administration, Egypt remains a difficult assistance partner. One administration official indicated that USAID had some success in spending down the substantial aid pipeline that accumulated while programming was blocked, but that due to the notification of additional ESF to Congress the pipeline remains over $300 million, a disincentive to additional appropriations.

Multiple administration officials argue that the warm relationship between Trump and al-Sisi has helped to facilitate economic programming, but one administration official acknowledged on background that the decline in friction was also attributable to a deliberate decision to avoid controversial programs, particularly those in the democracy and governance space.

that most antagonize the Egyptian government. Another administration official explained that the underlying philosophy behind U.S. economic assistance to Egypt is to be “responsive to Egyptian government priorities,” which obviously do not include democratic development. Indicative of this approach, the Trump administration only requested $9.645 million for GJD programming, slightly less than the FY18 request. This funding will primarily support programs aimed at improving service delivery at the level of municipal governments, which, owing to their relatively non-political nature, are amenable to the Egyptian government. Other programming will focus on the justice sector, including the provision of “advanced training” for judges in mediation, bankruptcy, and securities law, as well as assistance designed to help courts “better adjudicate and administer cases such as financial contracts disputes and cases focused on trafficking in persons.”

Conspicuous in its absence is the type of sensitive work—support to civil society or training for political parties—that has historically run afoul of the al-Sisi regime. With democracy and governance programs deemphasized, programming designed to “ramp up” Egypt’s economic development, reinforcing and complementing al-Sisi’s IMF-mandated economic reform program, will be prioritized. For instance, USAID plans to support “the fiscal consolidation component of [the government’s] reform plan by upgrading public financial management systems to achieve financial oversight goals.” Economic programming will also seek to improve the export capacity of targeted sectors in the Egyptian economy, support SMEs, bolster the trade and investment environment, and develop labor skills in vulnerable and marginalized communities. The Egyptian American Enterprise Fund, which is now fully capitalized at $300 million, will continue to invest in private enterprises to promote “long term inclusive and sustainable economic growth.”

Education and health will also be priority areas for U.S. investment. USAID will continue to support both the Higher Education Initiative, which provides scholarships to Egyptians studying at universities in Egypt and the United States, and technical assistance and training for basic education teachers. In the health area, the administration intends to resurrect successful family planning programs from the 1990s and 2000s to help arrest Egypt’s startling population growth in recent years.

The administration is once again seeking $1.3 billion in FMF, as mentioned above, while the IMET request is $1.8 million, INCLE is $2 million, and NADR is $2.5 million. FMF funding will support acquisition of equipment, services, training, and sustainment focused on developing Egypt’s air, ground, and maritime capabilities, with “a specific emphasis on capabilities that will allow Egypt to augment border security, increase security in Sinai, and address terrorist threats.”

After years of deadlock, moreover, the United States and Egypt finally signed in January 2018 a Communications Interoperability and Security Memorandum of Agreement (CISMOA), which could facilitate the provision of previously restricted defense articles that rely on sensitive U.S. technology, such as more advanced targeting pods for F-16 aircraft. The equipment Egypt will now be eligible to receive will, however, likely fall short of its expectations given the Egyptian military’s mistaken belief that the United States possesses a technical solution to all security challenges.

Importantly, the Trump administration has followed through on two changes to the U.S. military assistance relationship with Egypt announced by President Obama in March of 2015 that were set to take effect at the outset of FY18, contrary to expectations that he might reverse his predecessor’s policy. First, Cash Flow Financing (CFF), the financial mechanism through which Egypt could purchase defense
articles, services, and sustainment in advance on the expectation of future-year appropriations of FMF, has been fully phased out. Egypt is now limited to purchases for which it already has the necessary funding in its Federal Reserve account. Second, all new equipment purchases by Egypt financed with FMF funds must advance a specific set of operational capabilities as defined by the “Four Pillars”—counterterrorism, border security, maritime security, and Sinai security. Under this policy, Egypt can still use FMF funds to finance the acquisition of AH-64 Apache helicopters, which are deemed relevant for counterterrorism purposes, but not air defense systems that are intended to address conventional threats. 87

Egypt continues to oppose these changes and routinely asks the Trump administration to restore the status quo ante. According to one administration official interviewed for this report, however, there is little support for revisiting these policies at the National Security Council, State Department, or Department of Defense. As just one example, the same administration official noted that an Egyptian request to purchase additional M1A1 Abrams tanks had been “shot down” on the basis that they were not necessary in Egypt’s current threat environment. With the implementation of these Obama-era decisions, the Trump administration has made clear that it expects U.S. military assistance to Egypt to serve American interests, not just those of the Egyptian regime.

In coming months, the administration is likely to face two decision points regarding U.S. military assistance to Egypt. The first decision involves the fate of the $195 million in FMF Tillerson withheld on a variety of policy grounds last August. Senior State Department officials will likely view the one-year anniversary of the decision as a logical moment to evaluate whether to release the suspended funding. In theory, this decision will turn on whether Egypt has made sufficient progress in addressing U.S. concerns.

On this score, multiple administration officials report that, while Egypt has taken a few positive steps, they are in and of themselves insufficient to justify lifting the hold. One administration official said on background that there had been “some movement” on Egypt’s relationship with North Korea, but that it fell well short of fully assuaging U.S. concerns. While the Egyptian government insists that it is not enforcing the the 2017 NGO Law, it has not been repealed or modified substantively, according to another administration official interviewed for this report. At this point, the 2013 NGO case appears to have the best prospects of a full resolution. On April 5, 2018, Egypt’s Court of Cassation vacated the original sentences of 12 defendants and ordered a retrial in the case, which all defendants are eligible to join. 88 Obstacles nevertheless remain, such as whether all defendants are willing to submit to another trial, and it seems unlikely that the judicial process will conclude before the end of the year at the earliest.

the positions he adopted while in Congress, including supporting the designation of the Muslim Brotherhood as an FTO, raise questions about whether he will prove willing to sanction the al-Sisi regime.\textsuperscript{89} It therefore cannot be ruled out that he will elect to release the funding, notwithstanding Egypt's limited progress in meeting the Tillerson-era conditions.

The second decision pertains to the human rights certification in the FY17 Consolidated Appropriations Act. Just as in FY16, the release of 15 percent of Egypt's FMF ($195 million) is contingent on the secretary of state either certifying that Egypt has met certain benchmarks related to human rights or exercising a national security waiver. The FY17 FMF, which is two-year funding, is set to expire at the end of FY18, which means that if Secretary Pompeo does not make the certification or exercise the waiver by September 30, 2018, the $195 million will be returned to the Department of the Treasury.\textsuperscript{90}

As political repression continued to increase over the last year, the certification option will not be legally available to Pompeo, leaving him with the same three options Tillerson faced in the summer of 2017: (1) take no action and allow the funding to expire, (2) exercise the waiver but prohibit Egypt from drawing down on the funding, or (3) exercise the waiver and allow Egypt to spend the money. This scenario will repeat itself again in FY19, but with even higher stakes as the amount subject to the human rights certification will increase from $195 million to $300 million, as noted above.

U.S. military assistance to Egypt is viewed as an important signal of support for the al-Sisi regime in Egypt and internationally. While the potential leverage afforded by this assistance can be overstated, its suspension or reduction nonetheless can send a powerful message of reproach and dissatisfaction to the Egyptian government, which over time can influence the regime's behavior. On this basis, we recommend that Secretary Pompeo both continue to hold the $195 million in suspended FY16 funding, as well as place the $195 million in FY17 funding on hold, until Egypt has met fully the following conditions: (1) a complete severance of the Egyptian-North Korean relationship in all of its diplomatic, military, and economic dimensions; (2) the repeal of the repressive 2017 NGO Law, and (3) a full exoneration of all 43 defendants in the 2013 NGO trial, coupled with the revocation of the investigative mandate under which the charges in the 2013 case were filed. This last point is particularly important for, while a resolution of the 2013 case is long overdue, it is unlikely to have a major effect on civil society freedoms. As long as the investigative mandate is active, civil society activists and NGOs will be at constant risk of legal action simply for exercising their associational rights.

Congress, for its part, should consider reducing Egypt's annual FMF appropriation in the FY19 appropriations bill from $1.3 billion to $1 billion, as proposed by the Senate the last two years. The administration's August 2017 decision to reprogram or suspend close to $300 million in assistance has not had any observable effect on Egypt's security, suggesting that this funding is superfluous.\textsuperscript{91} At the very least, reducing Egypt's FMF funding level would free up funds for other U.S. partners who are more in need of additional money. Moreover, by cutting—and not just suspending—a non-negligible portion of what Egypt has come to regard as its guaranteed level of funding, Congress would demonstrate that U.S. financial support is not sacrosanct and that in exchange for assistance the U.S. Government expects a certain level of cooperation on its core interests. Such a step could help to break the entitlement mindset with which the Egyptian government has viewed U.S. military assistance and potentially increase U.S. leverage over Egyptian actions.


IRAQ snapshot

- It appears that the Trump administration is seeking to disengage from Iraq, or at least from non-military aspects of the relationship.
- At such a fragile moment in the country’s political history, the decline in GJD programming is an especially worrying trend.
- Though the administration’s strategy to defeat ISIS has borne fruit in the security realm, its comparative neglect of reconstruction, stabilization, and governance is concerning.

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
Prime Minister Haider al-Abadi spent the previous year navigating enormous challenges that threatened the very integrity of the Iraqi state, including the September 2017 Kurdish independence referendum and the effort to oust the Islamic State (ISIS) from its remaining redoubts in the country. Widespread international and domestic pressure, including the seizure of Kurdish territories by forces loyal to Baghdad, forced the Kurds to abandon their independence push, while the Iraqi government announced the defeat of ISIS in Iraq in December 2017. Despite these successes, rampant corruption and poor service delivery throughout the country continue to fuel public disenchantment.

At publication it appears that Muqtada al-Sadr, a populist Shia militia leader and longtime U.S. adversary, registered an electoral triumph in the May parliamentary elections, with Prime Minister al-Abadi’s coalition coming in third. If this outcome—a amidst a looming recount, this could pose a fundamental challenge to U.S. policy in Iraq and, if not carefully managed, could compromise the progress of the last several years.92 Prime Minister al-Abadi may ultimately retain the premiership, in what will inevitably be a complex government-formation process, but at this point we cannot rule out the emergence of a more pro-Iranian government tied closely to the militia leaders whose status was burnished by the fight against ISIS. Underscoring the delicate balancing act the administration is likely to face, the House has already included new sanctions in the FY19 NDAA on two Popular Mobilization Units (PMU) that are part of the political coalition that came in second in the recent election and could find their way into the new government.93

The Trump administration has said that its approach to Iraq remains squarely focused on the country’s post-ISIS future, but it is unclear whether and to what extent it is prepared to become involved in Iraq’s reconstruction phase given its well-established aversion to nation-building.94 At a February 2018 donor conference, the Trump administration avoided pledging direct aid for reconstruction and instead extended a $3 billion line of credit to the Iraqi government. In the absence of strong U.S. financial and political support, Iraq fell well short of the estimated $88 billion in aid it requested for reconstruction, receiving just “$30 billion worth of loans, investment pledges, export credit arrangements, and grants.”95

The administration’s FY19 request raises further questions about its commitment to Iraq. It is seeking only $199 million in bilateral aid to Iraq—including $150 million for peace and security programs, $42 million in GJD, and $8 million in other economic assistance—which constitutes a 42 percent reduction compared to the FY18 request of $348 million. When compared to the $861 million in bilateral aid the United States allocated in Iraq in FY17, including $250 million in FMF, $285 million for economic growth, $190

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million for conflict mitigation, $66 million for democracy and governance, and $57 million for NADR programs, it appears that the Trump administration is seeking to disengage from Iraq, or at least from non-military aspects of the relationship.

The FY19 GJD request includes $36 million for good governance, $5 million for rule of law, and $1 million for political competition. The $42 million in total requested funding constitutes a decrease of 10 percent as compared to the FY18 request and a 26 percent decrease compared to the FY17 actual allocation. At such a fragile moment in the country's political history, this decline in GJD programming is an especially worrying trend. As Scott Mastic of the International Republican Institute wrote in November 2017, with the defeat of ISIS “it is crucial that the United States now help key provinces previously under [ISIS] control to build more inclusive, effective governing institutions that are driven by the needs and aspirations of the Iraqi people, and not external actors seeking to expand their influence or regional hegemony.”96

Like last year, the administration does not request any FMF grant assistance for Iraq. Of the countries for which the administration proposed shifting from FMF grants to loans, only Morocco and Iraq did not see a funding request restored in FY19. In Iraq’s case, this may be because Baghdad has recent experience with FMF loans. Beginning in FY16, Iraq received $250 million in FMF funds to subsidize a $3.8 billion FMF loan, which was used to make Foreign Military Sales purchases and is to be repaid over eight years.97 In FY17, the administration obligated another $150 million in FMF to service the loan and support other security institution-building programs on a grant basis.98 Importantly, Congress rejected the Trump administration’s FY18 proposal to phase out FMF grants for Iraq, appropriating $250 million in FMF for Iraq. Congress did not extend the authority for FMF lending to Iraq in the FY18 spending bill, suggesting that this funding will have to be used on a grant basis, contrary to the administration’s wishes.99

In Iraq, however, the FMF account takes a back seat to DOD accounts, which provide the vast majority of U.S. security assistance to the embattled country. The Department of Defense’s Counter-ISIS Train and Equip Fund, for instance, provided $1.27 billion to Iraq in FY18 alone; the administration is seeking another $850 million in FY19.100 Since the fall of Mosul, DOD has invested over $5.5 billion to rebuild the Iraqi military, over one-quarter of what DOD spent on the Iraq Security Forces Fund ($20.2 billion) from FY05-FY11.101

The United States has also devoted large sums of assistance to Iraq outside of the bilateral account. Total humanitarian aid to Iraq exceeded $607 million in FY17 and FY18 through the State Department’s Migration and Refugee Assistance (MRA) account, as well as the USAID International Disaster Assistance

(IDA) and Food For Peace (FFP) accounts. As discussed earlier in the report, the FY19 request, like the previous year, proposes consolidating the IDA and FFP accounts, as well as the MRA and the ERMA accounts, in the name of efficiency and reducing duplication of efforts. These consolidation proposals would significantly reduce funding totals, however, potentially affecting millions of people in Iraq and around the globe.

The administration has directed significant portions of humanitarian and economic aid specifically to assist Christian and other religious minorities in Iraq. In January 2018, the administration reneged on an agreement to provide $150 million to the UN Development Program (UNDP) Funding Facility for Stabilization. Instead of allowing the money to be directed to areas of greatest need, USAID negotiated that $55 million of the first $75 million tranche must "address the needs of vulnerable religious and ethnic minority communities in Ninewa Province." The second $75 million tranche remains on hold and will be released contingent on "UNDP’s success in putting in place additional accountability, transparency, and due-diligence measures for the [Funding Facility for Stabilization]." Seen as driven in part by Vice President Pence’s strong ties to the evangelical Christian community, the decision provoked concern that preferential aid policies might exacerbate sectarian tensions by "putting a target on [Christians'] back." U.S. officials interviewed for the report denied that the decision has had negative consequences on Iraqi Christians thus far.

Though the administration’s strategy to defeat ISIS has borne fruit in the security realm, its comparative neglect of reconstruction, stabilization, and governance is concerning. Democracy and governance programs that promote inclusivity and social reconciliation are essential to U.S. efforts to consolidate recent progress and prevent ISIS from taking root again in the future, but GJD programming gets short shrift in the FY19 request. Aside from the possible re-emergence of ISIS, U.S. foreign assistance also helps to prevent Iraq from falling completely within Iran’s orbit. For an administration supposedly dedicated to countering Iran’s influence in the MENA region, it is hard to understand why it would be willing to cede space in Iraq to Iran by unilaterally reducing its commitment. Congress will likely appropriate funding for Iraq in excess of the FY19 request, and we urge the administration to put serious thought into how it can use this additional money, particularly in critical democracy and governance areas.

103 See the 2017 version of this report for full details on the proposal.
Agreement on a new five-year Memorandum of Understanding helped ameliorate tensions caused by President Trump’s decision to recognize Jerusalem as the capital of Israel and move the U.S. embassy to the contested city.

The administration continues to prioritize short-term security interests over encouraging political reform, unwilling to exert pressure due to fears of instability, but should consider pushing for a more inclusive and rights-respecting Jordan.

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
Jordan made some small strides in advancing political reform and the protection of human rights over the past year. On August 15, 2017, Jordan held three layers of sub-national elections under a new Decentralization Law intended to grant more powers to elected officials vis-à-vis officials appointed by the central government. Separately, the Jordanian parliament passed in June 2017 a new disabilities law that includes the concept of “informed consent” and prohibits discrimination against persons with disabilities. The legislature also abolished two articles that enabled perpetrators of crimes “against women,” including rapists, to escape punishment or receive mitigated sentences.

Meanwhile, economic tensions have been increasing as unemployment has remained high (18.4 percent after the first quarter of 2018), and prices have been increasing. In response to a proposed tax hike, which was subsequently withdrawn, Jordanians across the country took to the streets in evening protests beginning on May 30, 2018, for four consecutive nights, resulting in the resignation of Prime Minister Hani Mulki. The king quickly appointed the education minister of the outgoing government, Omar al-Razzaz, as his replacement and tasked him with forming a new government.

The major development in the U.S.-Jordanian bilateral relationship was the completion of a new five-year Memorandum of Understanding (MOU) on U.S. assistance to Jordan, which was signed by then-Secretary of State Tillerson and Jordan’s Foreign Minister Safadi in Amman on February 14, 2018. In this non-binding commitment, the United States pledged to provide Jordan with no less than $1.275 billion per year between FY18 and FY22, including an annual minimum of $750 million in ESF and $350 million in FMF funds. The new MOU, which is the first five-year understanding between Washington and Amman, is the third such bilateral accord and will ensure that Jordan receives at least $6.375 billion during the period covered by the pledge. According to the State Department, the massive U.S. commitment “highlights the pivotal role Jordan plays in helping foster and safeguard regional stability and supports U.S. objectives such as the global campaign to defeat ISIS, counter-terrorism cooperation, and economic development.”

On the other hand, regressive developments in other areas threaten to overshadow the significance of these welcome steps. In September of 2017, the Jordanian authorities threatened the Center for Defending Freedom of Journalists (CFDJ) with potential charges for receiving foreign funding, even though the group had operated freely in Jordan for years. And, the same month, Jordan’s government. Moreover, the true import of Jordan’s local elections should not be exaggerated. Jordan is a heavily centralized political system and it remains to be seen whether King Abdullah is prepared to transfer real authority to sub-national governments. Under the new decentralization legislation, local governments still do not have the power to collect taxes or other forms of revenue, leaving them heavily dependent on the central government.

### Notes

Agreement on the MOU helped to ameliorate tensions in the bilateral relationship caused by President Trump's decision to recognize Jerusalem as the capital of Israel and to move the U.S. embassy to the contested city. King Abdullah made several trips to Washington in 2017 to dissuade the administration from proceeding with the president's campaign pledge, concerned that the move would adversely affect Jordanian security. Palestinian issues have deep resonance in Jordan, as more than half of Jordan's population is of Palestinian descent and the 1994 Israeli-Jordanian Peace Treaty accords King Abdullah special status in Jerusalem's Muslim holy sites. Trump's Jerusalem decision was reportedly the primary subject of conversation during Vice President Pence's January 21 visit, where he and King Abdullah “agreed to disagree.”

King Abdullah has excellent relations with Congress, which he has used to ensure Jordan continues to receive substantial assistance despite fluctuations in the overall U.S. budget. The United States is Jordan's largest donor and, as of FY16, Amman became the second largest recipient of Function 150 U.S. assistance worldwide, surpassing Egypt. Through FY17, the United States has provided Jordan with a total of $20.4 billion in aid. In the FY19 request, the Trump administration requested $1.275 billion, which is a 28 percent increase over the FY18 request of $1 billion. This request is both consistent with the U.S. commitment under the new MOU and reflects the administration's realization that Congress will likely appropriate higher funding levels for Jordan.

Indeed, Congress actually appropriated $1.525 billion in FY18 assistance for Jordan, 53 percent more than the administration requested. Of the $910.8 million in economic aid requested for Jordan, $42 million is requested for GJD programming, a $2 million increase over the FY18 request but still substantially lower than the $62 million appropriated in FY17. GJD programming is intended to “strengthen democratic accountability and transparency” by supporting “Jordanian efforts to strengthen the rule of law, combat corruption, and promote free and fair elections.” An administration official interviewed for this report described the King's decentralization initiative as “unprecedented,” and said supporting it would be a priority for U.S. democracy and governance funding. This support, which will fall under USAID's purview, will include technical assistance and training for municipal and governorate-level councils. Such programs will complement existing national-level work by NDI and IRI, such as training for parties and members of parliament. The administration official cited above made clear that the U.S. Government sees its mission as supporting King Abdullah's agenda, both in terms of governance and economic development.

The remainder of economic aid for Jordan aims to help the country cope with its more than 650,000 registered Syrian refugees and “exit a 10-year economic slowdown” with “the long-term goal of reducing Jordan's dependence on foreign assistance,” in keeping with the administration's skepticism toward prolonged assistance relationships. A substantial portion of this funding will go to direct budget support in the form of a cash transfer, which is intended to address...
Jordan’s “fiscal gaps and budgetary shortfalls.” In FY18, Congress increased the size of the cash transfer from $475 million to a whopping $745.1 million, nearly all of Jordan’s economic assistance package. Other programs are focused on infrastructure development, service provision, and addressing Jordan’s water crisis. In addition to bilateral economic assistance, Jordan has also received substantial humanitarian assistance from multilateral accounts to mitigate the strains created by its large refugee population. Since FY12, the United States has provided Jordan with at least $1.1 billion in humanitarian assistance in cash transfers and programs.

The Peace and Security portion of the FY19 request consists of $350 million in FMF, $3.8 million in IMET, and $10.4 million in NADR funding. The FMF aims to “support the Jordanian Armed Forces (JAF) and its efforts to modernize,” enhance the JAF’s “ability to counter asymmetric threats and fight terrorism,” and “build its capacity to contribute to regional security efforts in line with U.S. national security objectives.” Jordan’s FMF expenditures are guided by a five-year procurement plan developed jointly by the JAF and the United States. According to the CBJ, FMF will support the development of specific capabilities, including precision strike and combined arms; ground, air, and maritime mobility; and domain awareness and intelligence surveillance and reconnaissance (ISR), among others. Jordan also received military assistance from a variety of DOD-operated accounts, including over $585 million from FY16-17 through the Global Train and Equip program, which provides for one-off purchases of items that were not contemplated under the five-year plan, such as MRAPs and night-vision goggles.

Given Jordan’s strategic importance, King Abdullah’s status with the U.S. Congress, and Amman’s reliable support for U.S. regional initiatives, Jordan is likely to remain the second-largest recipient of U.S. assistance worldwide. If past is prologue, Jordan in FY19 will receive even more than the $1.275 billion assured to Amman in the recently concluded MOU. While the U.S. government does not ignore issues of political reform and human rights in Jordan, they clearly have assumed secondary importance relative to the security interests that have formed the bedrock of the bilateral relationship. The Trump administration, just like its predecessors, has come to the conclusion that, given Jordan’s difficult environment within and without, the United States should avoid aggressive advocacy for domestic reforms that could produce unwelcome instability in the Hashemite Kingdom.

The administration and Congress should consider an alternative possibility: that a more inclusive and rights-respecting Jordan would be better-positioned to absorb the internal and external pressures that have always plagued the country. In this vein, the administration should at the very least press King Abdullah to follow through meaningfully on his own pro-reform initiatives, such as decentralization. Ideally, U.S. officials should also become more willing to advocate for meaningful political reform in Jordan, even when it is opposed by the king. The United States has provided extensive assistance to Jordan over the last several decades for the express purpose of insulating the country from regional turmoil. It is time for the Jordanian regime to take advantage of this cushion and begin introducing the reforms that are necessary for both the country’s long-term stability and the welfare of the Jordanian people.
The Trump administration has shown recent signs of increased support for Lebanon, which are particularly welcome given Saudi Arabia’s decision to reduce its own commitment to the country. Secretary of State Pompeo’s decision to conduct a review of military assistance to Lebanon, however, could quickly undercut this progress.

Instead of focusing on whether to reduce assistance to key national institutions, the administration should be forward-leaning in developing more partnerships with Lebanese actors and institutions that can help to present an alternative to Hezbollah as a service provider for millions of Lebanese.

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
Lebanon has made some important political progress in the past year, holding its first parliamentary elections since 2009 on May 6, 2018. Five years overdue, the elections were enabled by the June 2017 passage of a new electoral law that replaced the traditional winner-take-all format with a proportional representation system, but was criticized for reinforcing Lebanon’s sectarian politics. Hezbollah and its allies, the Amal Party and the Christian Free Patriotic Movement, performed well, while the clear loser in the election was Prime Minister Saad Hariri’s Future Movement. Hariri nevertheless appears likely to retain the premiership due to the potential absence of mutually acceptable alternatives. It is unclear whether and how Hezbollah’s solid electoral performance will translate into more influence over government policy, but its presence in the cabinet will continue to complicate U.S. assistance to Lebanon.

The small multi-confessional country remains an “arena for conflict between regional states.” In November of 2017, Hariri resigned during an impromptu trip to Riyadh, reportedly under heavy pressure from—and while detained by—Saudi Crown Prince Mohammed bin Salman. After the intercession of France and several Middle Eastern countries, Hariri was permitted to leave Riyadh several weeks later and withdrew his resignation, but the ordeal—which may have been intended by Saudi Arabia to destabilize a Lebanese government that Riyadh viewed as too close to Iran—plunged the country into crisis. It appears that Hezbollah, which strongly opposed Riyadh’s actions and defended Lebanese sovereignty, emerged as the primary beneficiary from the standoff. This incident underscores the degree to which Lebanon’s political development is hostage to the interests and machinations of its neighbors in the Middle East.

Following a period of relative inattention, the United States appears to have increased its engagement with Lebanon. Hariri visited Washington for five days in July of 2017, meeting with President Trump and other senior U.S. officials. The prime minister reportedly used those meetings to press for more U.S. financial and materiel support, as well as to urge the administration to protect the Lebanese economy from the adverse consequences that could result from the imposition of additional sanctions against Iran and its proxies. Then-Secretary of State Tillerson returned the visit in February 2018, meeting with Lebanese President Michel Aoun and Hariri in Beirut to discuss tensions between Lebanon and Israel. In April 2018, President Trump made clear that “the United States is proud of our close ties with the Lebanese people, and stands in support of Lebanon’s efforts to strengthen its legitimate state institutions and develop an open, free economy that serves all Lebanese.”

This increased focus on Lebanon is reflected in the administration’s funding request. For FY19, the Trump administration is requesting $152.77 million for Lebanon, a 47 percent increase over its FY18 request. Most of this increase is due to the administration’s decision to restore an FMF grant request for Lebanon one year after proposing that its military assistance be converted into FMF loans, along with most U.S. aid recipients worldwide. The CBJ refers to Lebanon as a “key partner in the effort to defeat ISIS and other terrorist organizations” and in “countering Iran’s malign influence in the Middle East.”

An administration official interviewed for this
report said that the economic aid request for Lebanon, which totals $86 million, is primarily intended to support host communities that have absorbed the large influx of refugees from the Syrian civil war, who when combined with Palestinian refugees account for 30 percent of Lebanon’s population.138 While Lebanon has received considerable assistance to help it cope with the refugee crisis, most of this funding has directly supported the refugees themselves, leaving the host communities somewhat neglected. With the highest number of refugees per capita in the world, Lebanese host communities have come under often crippling strain.139 USAID, as the primary implementer of bilateral economic aid to Lebanon, is seeking “win-wins” for refugees and hosts alike, according to the same administration official.

The economic aid request includes $15 million for GJD programming, identical to the FY18 request. This funding will support the decentralization process in Lebanon “by enhancing local government capabilities to provide transparent quality services, and meet the needs of Lebanese communities hosting Syrian refugees.” Falling within the good governance category, this assistance will help municipalities to provide an array of services, including water, electricity, and solid waste disposal, with a particular emphasis on “underserved and vulnerable categories.” Another $7 million in ESDF is requested for civil society programs to “improve the institutional capacities of local actors.” The emphasis on civil society and local governance, vice national governance, is necessitated by the administration’s unwillingness to support institutions in which Hezbollah, a designated foreign terrorist organization (FTO), is a part.140 One administration official interviewed by the authors revealed that the only civilian central government ministry with which USAID has a relationship is the Ministry of Education.

Other economic assistance will support economic stability in Lebanon. Programming will include training for early-stage businesses, capital and equity financing for start-ups, and supply-chain innovation. The educational sector is another priority for USAID in Lebanon. These programs range from financial assistance to cover school fees and higher education scholarships to investments in transportation to and from schools. For the second consecutive year, Congress appropriated $2 million in the FY18 budget to fund university educations for refugees in Lebanon.141 In addition to direct bilateral economic aid, Lebanon, like Jordan, receives humanitarian assistance from multilateral accounts to support its refugee population. The United States has provided at least $1.5 billion in such funding since FY12.142

As noted above, the administration reinstated a request for FMF grants for Lebanon in FY19. Congress rebuffed the administration’s proposal to eliminate such assistance last year, appropriating $105 million in FMF grants in the Consolidated Appropriations Act. The total Peace and Security request for FY19 is $66.7 million, which includes $50 million in FMF, $2.75 million in IMET, $6.2 million in INCLE, and $8.82 million in NADR funds. In the CBJ, the administration argues that funding for the Lebanese Armed Forces (LAF) “is vital to Lebanese security and stability and develops the LAF’s capacity as the sole legitimate defender of Lebanese sovereignty.” In particular, the requested FY19 assistance would support the modernization of the LAF, strengthen its control of Lebanon’s borders and national territory, and increase its capacity to defeat extremist groups that threaten to destabilize the country.143 Of this funding, approximately $20 million is intended to support vehicle procurement and sustainment, and $15 million would support aircraft procurement and sustainment.

However, in a potential setback for the U.S.-Lebanon relationship, Secretary Pompeo announced on May 23 before the House Foreign

139 Ibid.
140 Ibid.
141 Ibid.
143 “Congressional Budget Justification Foreign Operations Appendix 2 Fiscal Year 2019.”
Affairs Committee that he would call for a review of U.S. military assistance to Lebanon “to make sure that we’re using American tax dollars right in supporting the groups that can most likely achieve our outcome there.” His remarks came in response to a question regarding Hezbollah’s role in the Lebanese government following the May elections. Under U.S. law, aid to the LAF and the Internal Security Forces is prohibited if they are controlled by a U.S.-designated FTO. A small but vocal contingent in Congress has argued that Hezbollah’s influential role in the Lebanese government amounts to terrorist control over all state institutions, to include the LAF, and that security assistance should therefore be cut off.

The United States has traditionally viewed the development of the LAF as essential to reducing Hezbollah’s influence in Lebanon, but questions about the relationship between the LAF and Hezbollah and the corresponding value of the LAF as a U.S. partner have increased in recent years.144 Just last year, the State Department and DOD successfully pushed back against Israeli allegations of LAF-Hezbollah cooperation.145 Opponents of the LAF, however, have seized on simultaneous operations along the Lebanon-Syria border in the summer of 2017 to renew these charges. Congress nevertheless remains broadly supportive of the LAF and will likely continue to support military assistance to Lebanon. Moreover, Pompeo may have tipped his hand regarding the outcome of the review when he conceded that “ultimately it’s our assessment at this point that the overall balance of power won’t be materially changed” in Lebanon.146

The LAF also receives assistance from DOD accounts, including over $270 million from the Global Train and Equip account from FY16-17.147 At least $42.9 million in CTPF funds have gone to support border security improvements and, in October 2017, the administration notified Congress that $112 million would be provided for the Lebanese Air Force and Special Forces using the Section 333 authority, part of which will fund the acquisition of helicopters. DOD has also confirmed that U.S. Special Forces personnel are in Lebanon providing support and training to the LAF.148

Recent signs of increased support for Lebanon from the administration are welcome, particularly given Saudi Arabia’s decision to reduce its commitment to this pivotal country. Unfortunately, Pompeo’s decision to conduct a review of military assistance to Lebanon could quickly undercut this progress.149 Hezbollah may ultimately gain from its performance in the May 6 elections, but U.S. disengagement from Lebanon would likely only serve to empower Hezbollah and increase Iran’s influence. A failure to address the pressures caused by the refugee crisis, lax services, and poor employment prospects would, furthermore, increase the risks of radicalization. Instead of focusing on whether to reduce assistance to key national institutions, the administration should be forward-leaning in developing more partnerships with Lebanese actors and institutions that can help to present an alternative to Hezbollah as a service provider for millions of Lebanese. The reality is that in governance, like so much else, you cannot beat something with nothing.

146 Harris, “Pompeo calls for review of security assistance to Lebanon.”
149 Ibid.
LIBYA snapshot

• Despite President Trump’s disinterest in Libya, for two consecutive years his administration has actually requested more funding than the Obama administration ever did.

• The only sustainable solution to Libya’s political and security challenges is a unified, stable government in Tripoli with a unified security force, but the United States does not appear prepared to invest in the political process.

• If the administration were to focus more effort on supporting the political process in Libya, it would likely receive support from Congress.

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
With three competing governments, active terrorist groups, and a patchwork of frequently shifting alliances, Libya has struggled to advance toward meaningful political stability. While a meeting between the UN-backed Government of National Accord (GNA) Prime Minister Fayyaz Serraj and rival General Khalifa Haftar initially evoked cautious optimism, the country remains starkly divided.\textsuperscript{150}

Since 2011, a succession of transitional governments and interim leaders have been unable to gain enough widespread support to establish stability in Libya, resulting in a deadlock between competing factions. The UN developed the Libyan Political Agreement (LPA), a power-sharing accord that called for the creation of a new national unity government to facilitate the completion of a new constitution, in an attempt to break the impasse. While the GNA led by Prime Minister Fayyaz Serraj was established in December 2015, an alternative government in eastern Libya comprised of the House of Representatives and Khalifa Haftar’s Libyan National Army (LNA) continues to operate. Coinciding with the appointment of a new UN special envoy for Libya, the international community has begun to champion new elections scheduled for December as the best means to advance a political process in Libya. Libya’s sharp political divisions and continued violence, including a suicide attack on the electoral commission building in May, could nevertheless complicate the country’s ability to hold elections on schedule. The LNA has been strengthened by international support—particularly from Russia—allowing it to gain significant ground against the GNA and deepening the power struggle. National elections are now tentatively scheduled for December.

Although AFRICOM commander General Thomas D. Waldhauser told Congress last year that “the instability in Libya and North Africa may be the most significant near-term threat to U.S. and allies’ interests on the continent,”\textsuperscript{151} the Trump administration has adopted a relatively hands-off approach to the country. President Trump has made clear that he does not see Libya as a U.S. priority, saying in April 2017 that he does not see a role for the United States in the country. The administration has largely confined its involvement in Libya to limited military strikes against the Islamic State’s presence there.


seeks $34.5 million in total funding for Libya, which is 68 percent higher than the Obama administration’s FY17 request and roughly similar to the aid request for FY18. Congress, however, ultimately appropriated the much higher figure of $139.2 million for Libya in FY17, which included funding from that year’s Islamic State supplemental package. In total, the FY19 request is only a quarter of actual FY17 spending in Libya.

Requested funding for the GJD objective ticked down slightly to $12.6 million from the FY18 request of $14.3 million. Administration officials interviewed for this report acknowledged the obstacles to program implementation at this stage, explaining that their aim for now is to ensure that financial resources will be available for Libya if a stable government comes into place. Democracy and governance funding for Libya is geared mostly toward political stabilization efforts, including promoting “moderate voices by improving conflict management, providing alternatives to violence, and offering community reconciliation and mediation initiatives.” Democracy and governance funding will also “develop democratic institutions: elections, legislative bodies, civil society, reliable media, and national and local governance.”

The U.S. Department of State recently awarded a $1 million monitoring contract that intended to move away from a “crisis response strategy to open opportunities for rule of law programming.”

The FY19 budget request also seeks $13.6 million in Peace and Security funding, slightly less than in FY18 ($15.8 million). According to the CBJ, the administration plans to “assist Libyan border enforcement” and expand the capacity of Libyan defense forces, including air and de-mining infrastructure. Funding has also been requested to fortify border security, with $6.5 million for NADR programs. Another $1 million is requested for INCLE programming to “build the capacity of nascent security and corrections institutions” and expand security and transitional justice capacity. This funding will also go to programs to “mitigate support for violent extremist groups.”

Libya’s political and security situation has not settled or clarified significantly over the past two years, while U.S. strategy toward Libya has remained murky. Weak governance throughout Libya is exacerbating the security challenges in the country and preventing Libyans from realizing their full economic potential. The only sustainable solution to this problem is a stable national government in Tripoli with a unified security force, but the United States does not appear prepared to invest in the political process. If the administration were to focus more effort on supporting the political process in Libya, however, it would likely receive support from Congress. Rep. Ileana Ros-Lehtinen (R-FL) said at an April 2018 hearing that “More than anything…Libya needs U.S. leadership, leadership that can corral the various countries’ interfering in Libya, leverage our connections, and help push the political reconciliation process forward.” The assistance implementation environment in Libya is likely to remain difficult for the foreseeable future, but there is no substitute for—and relatively little cost to—U.S. political leadership.

Despite historically close bilateral ties, the Trump administration has paid little public attention to Morocco compared to other Arab allies and it remains to be seen whether even a concerted Moroccan effort to promote itself as a willing U.S. partner will register with the administration.

The low priority accorded to GJD programming is in part explained by the administration's desire to avoid tension with Morocco.
Since 2016, demonstrations over marginalization and economic grievances in Morocco’s Rif region, an underdeveloped and under-resourced mountainous area in the country’s north, have simmered. The death of two miners in the city of Jerada in late 2017 sparked additional protests calling for government intervention to alleviate poverty and provide employment opportunities. Ultimately, the government resorted to force to disperse continuing demonstrations in March 2018, leading to the detention of protesters and injuries to several police officers. While the small-scale protests have yet to escalate to a significant political crisis, the government’s heavy-handed response risks sparking a larger reaction. The ongoing imprisonment of leaders of the movement and a number of rank-and-file protesters also remains a source of tension.

Despite historically close bilateral ties, the Trump administration has paid little public attention to Morocco compared to other Arab allies. The administration’s distant relationship with Morocco also stands in contrast to the Obama and Bush administrations, which publicly embraced Morocco’s role as an important U.S. regional partner. An April 2018 meeting between Moroccan Foreign Minister Nasser Bourita and U.S. Deputy Secretary of State John Sullivan yielded only a brief, perfunctory statement praising Morocco’s “strong friendship and partnership with the [United States] on shared priorities.” In November 2017, President Trump nominated David Fischer, a wealthy businessperson and Republican Party donor, to be the new U.S. ambassador to Morocco, but his confirmation is still pending.

One U.S. official interviewed for this report suggested that, given the low priority assigned by the Trump administration to Morocco, “the budget request for Morocco would have been zero [dollars]” if not for strong pushback from State Department and USAID staff. The FY19 bilateral request of $15.9 million is nearly identical to the $16 million FY18 request, but a reduction of 58 percent as compared to the FY17 allocation. The FY19 request includes $10 million in economic assistance, $1.9 million for IMET, $3.0 million for INCLE, and $1.0 million for NADR.
programming to the Moroccan government’s extremesensitivity to such programs, suggesting that the administration’s programming decisions are driven partly by a desire to avoid tension with Morocco. Curiously, the CBJ promotes U.S. assistance to Morocco by touting it as “a strong pro-democracy partner,” which does not seem to be a fitting description for a country that jails opposition leaders and harasses pro-democracy voices.

The Trump administration’s FY19 budget request for Morocco is perhaps most notable for what it excludes: FMF funding. While the FY18 request sought to cut FMF grants to a handful of Arab allies—Lebanon, Iraq, Tunisia, and Morocco—and transition those countries to FMF loans, Lebanon and Tunisia’s FMF grants were restored in the FY19 budget. Morocco (and Iraq), by contrast, remain unfunded in the FY19 budget request.160

Congress ignored the administration’s proposal to eliminate FMF grants for Morocco in FY18, appropriating $10 million to the Moroccan government in the FY18 Consolidated Appropriations Act (of a total $38.5 million in bilateral aid appropriated). Morocco has only received between $7-12 million in FMF annually since 2010, so it is unclear whether the proposal to zero out FMF grants represents a meaningful shift in U.S. policy towards the country. The administration instead might be planning to shift U.S. military assistance to Morocco to Department of Defense accounts. Thus far, Morocco has received $19 million under DOD’s new Section 333 authority161 in FY18,162 and DOD is set to deliver Morocco more than $115 million in tanks, armored personnel carriers, and grenade launchers through the Excess Defense Articles program.163

The Trump administration’s position vis-à-vis the Western Sahara also raises some questions about the state of U.S.-Morocco relations. In April 2018, the United Nations Security Council passed a U.S.-sponsored resolution to renew the UN peacekeeping mission to the conflict (known as MINURSO). While some suggested the resolution language was overtly pro-Moroccan,164 others viewed the renewal of the mandate for only six months (compared to the usual year-long extension) as an effort to put pressure on Morocco to return to the negotiating table.165 State Department officials told Al-Monitor that the U.S. position on the conflict hasn’t changed,166 but one U.S. representative to the UN declared that “there can be no more business as usual” in the conflict and that negotiations...

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160 Iraq has received FMF loans rather than grants in recent years, so its case is distinct. See the Iraq country section for detail.
161 This program, passed in the FY17 National Defense Authorization Act, allows DOD to provide training and equipment to build partner capacity to combat terrorism and other security-related matters.
should resume in the coming six months. Moreover, President Trump’s new national security advisor, John Bolton, is known for his pro-Sahrawi inclinations, which could have an impact on the future trajectory of the administration’s policy.

Congress continues to renew legislative language (present since FY15) directing that some economic aid given to Morocco “shall be made available” for assistance for the Western Sahara. Morocco views this as a tacit acknowledgement of its claims to the territory, but in practice the MEPI-funded civil society capacity-building programs in Western Sahara have raised suspicions in Rabat, according to one analyst familiar with the issue. Interestingly, the Trump administration also planned last summer to nominate J. Peter Pham, an academic seen as close to Morocco, to fill the post of assistant secretary for African Affairs at the State Department. Sen. James Inhofe (R-OK), a vocal critic of the Moroccan position on the Western Sahara, reportedly threatened to block Pham’s nomination, which never moved forward.

U.S.-Morocco relations appear to be on uneven footing in the Trump era, given an unclear U.S. position on the Western Sahara and the uncertain future of U.S. assistance to Morocco (not to mention President Trump’s open undermining of Morocco’s 2026 World Cup bid in favor of the joint North American bid). Morocco’s May 2018 decision to sever ties with Iran over accusations of providing weapons and training to Sahrawi independence fighters was likely an effort to curry favor with President Trump. It remains to be seen whether even a concerted Moroccan effort to promote itself as a willing U.S. partner will register with a Trump administration that has heretofore ignored the Moroccan government.

While the United States remains the largest single country donor of humanitarian funding for Syria, the steep decline in the administration’s request for FY18 and FY19 underscores the administration’s desire to reduce its commitment to Syria.

President Trump froze $200 million in assistance to Syria in late March, which brought all programming directed by the State Department, USAID, and implementing organizations to a near halt.

The ongoing freeze is affecting not only stabilization and recovery, but also the fight against the ISIS itself.
Seven years after mass anti-government protests erupted against Bashar al-Assad’s regime, almost half a million Syrians have been killed, six million are internally displaced, and more than five million have fled the country. What began as a conflict between the regime and a motley collection of opposition forces has evolved into a multi-dimensional war featuring a multiplicity of actors. The Syrian regime, with heavy Russian and Iranian support, has continued to reclaim territory from opposition forces, often resorting to indiscriminate bombardment of civilian populations to ethnically cleanse strategic locations. Political tracks aimed at reaching a negotiated settlement have run aground, both in Geneva and in Astana. In northwest Syria, Turkey repeatedly has conducted military operations to contain and roll back gains by Kurdish forces. The U.S.-led counter-ISIS coalition has made major progress, pushing ISIS militants out of their major strongholds, though efforts to sweep up the terrorist organization’s remnants have been set back by Turkish-Kurdish hostilities elsewhere in the country. In recent months, Israel has launched increasingly bold operations against Iranian elements in Syria, raising the risk of a broader Israeli-Iranian conflict that could also affect Syria’s neighbors.

Amidst changes on the ground, it is difficult to discern a coherent U.S. strategy that plausibly links means to outcomes. In January 2018, then-Secretary of State Tillerson outlined five key goals in Syria: preventing the resurgence of ISIS and al-Qaeda; supporting a UN-led political settlement; countering Iran; eliminating weapons of mass destruction; and helping refugees return home. In his confirmation hearing, Secretary of State Pompeo said that the “failed state of Syria poses a mounting threat to human rights, national security, and regional stability—and it deserves an increasingly severe response.” The clearest manifestation of such a policy came in April 2018 when the United States, France, and Great Britain launched airstrikes on three chemical weapons facilities in response to a chemical weapons attack by the regime on the rebel-held city of Douma in Eastern Ghouta. But resolute action of this kind by the administration has proved the exception, not the norm. Presenting what is arguably a more accurate depiction of U.S. policy in Syria, Secretary of Defense James Mattis said on April 12 that the United States will “not engage in the civil war itself,” and the Pentagon has made clear that its mission in Syria does not include any form of recovery and rehabilitation.

The FY19 budget request proposes $174.5 million in assistance to Syria, a modest nine percent decrease from the FY18 request. Most of this reduction is due to a cut in conflict mitigation and reconciliation programs, which saw an almost 19 percent decline to $65 million in FY19. Compared to the high watermark of $422.7 million in FY17, however, the FY19 request amounts to a glaring 59 percent cut. Although the FY17 figure was inflated by supplemental funding authorized by Congress in December 2016 to assist Iraq and Syria in post-ISIS recovery, the steep decline in proposed funding nevertheless underscores the administration’s desire to reduce its commitment to Syria. The FY19 budget request also would constitute a drastic cut to democracy and

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governance funding, down 66 percent from $160.5 million allocated in FY17 to only $55 million. This lower level of funding is supposed to “support U.S. efforts to defeat ISIS and help prevent its resurgence, and to strengthen the opposition.”176 In what appeared to be a promising sign, Secretary Tillerson announced in February 2018 at an Iraq reconstruction conference in Kuwait that the United States would be providing $200 million to the Syrian reconstruction and stabilization efforts.

Unfortunately, even this comparatively modest commitment of resources appears out of step with a White House that is seeking to disengage the United States from Syria. In late March, shortly after saying that the United States would be “coming out of Syria, like, very soon,” President Trump directed the State Department to freeze this $200 million in assistance to Syria.177 As a result of the freeze, all programming directed by the State Department, USAID, and implementing organizations has ground to a near halt. Administration officials interviewed for this report explained that because it had not been established from which accounts the $200 million would be drawn, it could not be determined which programs would be insulated from the cut and therefore continue to operate. What this means in practice is that, until a final decision is reached on what funding to suspend, all programs are in limbo.

Several administration officials speaking on background expressed dismay that even top-level officials had no sense of whether the freeze might be lifted or what it may mean for broader U.S. policy in Syria. Development professionals and civil society organizations told the authors of this report that they are operating under the assumption they will not receive further funding or that it will be severely scaled back moving forward. Funding for human rights and transitional justice programs have also been suspended due to the freeze. The $350,000 that U.S. Ambassador to the UN Nikki Haley pledged in January towards the International, Independent and Impartial Mechanism for Syria (IIIM), which would “support documentation of human rights violations and support other transitional justice activities,” has not been released. The United Nations said in June 2018 that the humanitarian situation has been “the worst we have seen since the war started: a very dramatic deterioration, massive displacement, disrespect of protection of civilians and people’s lives still being turned upside down.”178

The ongoing freeze affects not only stabilization and recovery, but also the fight against ISIS itself. Without support for civil society and local governance, crucial efforts to counter radical ideologies and prevent future conflict will be underfunded and hamstrung. Even the White Helmets, a volunteer humanitarian rescue and aid organization credited with saving more than 70,000 lives since 2011, has lost U.S. funding.179 Raed Saleh, the head of the White Helmets, said of the freeze, “If this is a long-term or permanent halt, it would have a serious impact on our ability to provide the same intensity and quality of services that we currently provide to civilians.”

Outside of bilateral accounts, the United States has contributed $7.7 billion in humanitarian aid to Syria since 2011, including $1.7 billion between FY17 and FY18.\(^{180}\) While the United States remains the largest single country donor of humanitarian funding, it chose not to pledge additional money at an April UN-EU conference in Brussels because of the Trump administration's ongoing review of Syria policy. There are, moreover, growing questions about the efficacy of such humanitarian aid, given the Assad regime’s practice of blocking aid convoys and the risk that such assistance could be used to strengthen the regime’s hold on power in areas it now controls.\(^{181}\) In April 2018, Rep. Elliot Engel (D-NY) introduced H.R. 4681, also known as the No Assistance for Assad Act, which calls for U.S. foreign assistance for reconstruction and stabilization to be made available “only in a democratic Syria or in areas of Syria not controlled by a government led by Bashar al-Assad or associated forces.”\(^{182}\) Section 4c of the act, however, notes that exceptions to the government-held area rule can be made for assistance going toward local programs “that reflect the aims, needs, and priorities of local communities” and for humanitarian assistance.

The appointment of Pompeo as secretary of state has raised speculation that U.S. policy toward Syria could change. As one analyst put it, given that his relationship with Trump is much closer than Tillerson’s, there is reason to believe we can now more often take Trump at his word regarding foreign policy. However, evidence that Pompeo is seeking to change the administration’s Syria policy is scant. When asked about the aid freeze at the House Foreign Affairs Committee Budget Hearing, Pompeo said only that the decision is “under review,” but added that the administration has been “hard at work at getting other countries to provide support as well.” Based on Pompeo’s public comments, U.S. policy to Syria will likely continue trending toward disengagement and a corresponding decrease in assistance.

The administration’s Syria policy has met resistance from many detractors in Congress. Senator Lindsey Graham (R-SC) said that the White House’s Syria strategy was simply “to withdraw from Syria as quickly as possible,” which he called a “losing strategy.”\(^{183}\) Rep. Engel also asserted that the administration “seems to have no strategy for dealing with the crisis in Syria,” and called for the defeat of Assad to be a high-level priority for U.S. strategy in Syria.\(^{184}\) If the United States is to be truly effective in defeating ISIS militarily as well as ideologically, Congress must not only insist on greater funding for democracy and governance, but ensure that the administration spends money on the ground. To the extent that the United States continues to hold assistance to Syria in the balance, it will effectively relinquish its influence on both the humanitarian situation and the outcome of the conflict, including its impact on neighboring countries and the fate of ISIS.

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182  U.S. Congress, Senate, “To limit assistance for areas of Syria controlled by the Government of Syria or associated forces, and for other purposes (No Assistance for Assad Act) Act of 2018” HR 4681, 115th Cong., 2D sess., Introduced in the House December 19, 2017, https://policy.house.gov/legislative/bills/hr-4681-no-assistance-assad-act


184  “U.S. Policy Toward a Turbulent Middle East,” Committee on Foreign Affairs, April 18, 2018, https://docs.house.gov/meetings/FA/FA00/20180418/108182/HHRG-115-FA00-Transcript-20180418.pdf
Despite the State Department’s claim that it views Tunisia as a “strong partner,” the administration has proposed deep cuts to Tunisia’s bilateral aid package for the second year in a row.

Congress remains broadly supportive of Tunisia, consistently prioritizing its bilateral assistance package in recent budgets and pushing back against slashes to aid proposed by the administration.

Tunisia remains one of the few countries in the region that genuinely desires U.S. assistance and tends to use U.S. funding productively, offering Americans a good return on investment.

*Tunisia snapshot

**Military and Security Assistance**

**Other Economic Assistance**

**Governing Justly and Democratically (GJD)**

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
While Tunisia remains the lone bright spot of the 2011 Arab uprisings, the country’s democratic transition is not yet consolidated. Tunisia faces a variety of major political, economic, and social obstacles that it will have to overcome if it is to continue on a democratic trajectory. There is a prevailing sense of disenchantment across the Tunisian political spectrum, as the country’s post-Ben Ali governments have struggled to address persistent corruption, gaping regional disparities, and a flailing economy. This sentiment is particularly acute among the youth, who played a leading role in the 2010-2011 revolution but have yet to reap its benefits. Implementation of constitutionally mandated decentralization measures could help to redress these grievances and produce a more responsive form of governance. The May 6 municipal elections and the prior passage of a local authorities code defining the responsibilities of municipal councils were an important milestone in this regard. But the election’s low turnout (33.7 percent) illustrates just how disillusioned Tunisians have become.

A number of recent developments, moreover, suggest a greater risk of democratic backsliding in Tunisia. The parliament passed legislation in April 2018 to dissolve the Truth and Dignity Commission (IVD), which was instituted to investigate crimes committed under the two previous regimes. In November 2017, a reconciliation bill passed by parliament pardoned several prominent officials in former President Zine El Abidine Ben Ali’s government who were accused of corruption. Freedom House alleges that “Essebsi has used the national budget to starve the parliament of the resources it requires to function as an independent center of political power.”185 Meanwhile, continued delays in establishing other constitutional institutions, such as a constitutional court, raise questions about both the government’s intentions and its capacity.

U.S. policy toward Tunisia has been somewhat schizophrenic under President Trump. On the one hand, the State Department has continued to speak of Tunisia as a regional ally for the United States. During an important and well-received visit to Tunis in November 2017, Deputy Secretary of State John Sullivan called Tunisia “a strong partner,” adding, “We are proud to support your efforts to improve security, develop democratic institutions and practices, and foster economic growth.” Sullivan also announced during the trip that FY17 spending on Tunisia reached $205.4 million, 25 percent more than the $165.4 million originally appropriated by Congress. The additional spending in FY17 included $30 million in FMF and $10 million in ESF, most of which came from FY17 supplemental counter-ISIS appropriations.186

On the other hand, the administration’s FY19 budget request, just as in FY18, proposes deep cuts to Tunisia’s bilateral aid package, belying the State Department’s claim that it views Tunisia as a “strong partner.” In the FY19 proposal, the administration requests $40 million in economic aid, $40 million in FMF, and another $14.5 million in other security assistance. While the total FY19 request of $94.5 million is $40 million (73 percent) higher than the FY18 request, owing almost entirely to the restoration of an FMF request, the FY19 request is nevertheless 43 percent lower than what Congress appropriated for Tunisia in FY18.

The restoration of Tunisia’s FMF request in the FY19 proposal came after Congress rejected this

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proposed shift outright in the FY18 Consolidated Appropriations Act, opting to provide Tunisia with $65 million in FMF. Officials interviewed for the report admitted that the FMF loan proposal posed a significant challenge to strategic cooperation with Tunisia, especially when it became clear the government had little funding to make purchases on its own and could even damage the bilateral relationship. One administration official called Tunisia a “phenomenal partner” on security cooperation and indicated that it would not be difficult to find productive uses for FMF funds appropriated for Tunisia.

Of the FY19 economic aid, the administration requested $21 million in democracy and governance funding, identical to its FY18 request but a 44 percent reduction from the appropriated level in FY17. The remaining $19 million would go toward economic growth initiatives, including support for SMEs and local entrepreneurs, especially in the interior of the country, and macro-level fiscal policy reform efforts. Democracy and governance programming in the country supports a number of programs, including INL’s work to bolster inspectors general offices within the Tunisian police, DRL’s efforts to combat gender-based violence by training law enforcement and providing resources for reporting hotlines and women’s shelters, and USAID’s projects to develop local governance structures. The USAID-funded Tunisia Accountability, Decentralization, and Effective Municipalities (TADAEEM) Project seeks to “assist local communities to build their capacities in [...] management of human and financial resources, service provision, governance, planning and communication with citizens.”

U.S. officials suggested that the “stars had aligned” for democracy programming in Tunisia, given the confluence of the country’s municipal elections, USAID’s decentralization work, and consistent funding from the United States and other partners.

At publication, USAID has 12 staff members at the U.S. embassy in Tunisia and, according to officials interviewed for this report, USAID plans to upgrade its presence there to a full mission this year. The Tunisian government has long sought this change in status as a signal of the U.S. commitment to Tunisia. A mission director, moreover, enjoys wider authorities than a senior development advisor, which should facilitate certain kinds of assistance programs. Several administration officials praised the management of U.S. assistance projects throughout Tunisia, lauding the degree of coordination with international partners and other U.S. government agencies. They attributed this to the presence of an assistance coordinator at the U.S. embassy in Tunis, whose position is a legacy of the MEPI regional office formerly housed in the embassy there. Notably, U.S. officials across agencies expressed a desire to increase their footprint in the country, but suggested that space limitations at the U.S. embassy could complicate expansion.

Of growing concern to the pro-democracy community in Tunisia and the United States, the U.S. embassy in Tunis is funding a Democracy International (DI)-implemented project to shape the Tunisian government’s efforts to revise the legal framework for NGOs in the country. Civil society organizations are currently regulated by Decree 88 of 2011, which is widely regarded as the best framework for associational activity in the region. Tunisian government officials claim, however, that the law provides inadequate protection against money laundering and terrorist financing and thus needs to be revised. Tunisian civil society activists dispute the government’s rationale, pointing out that a recently passed anti-terrorism law gives the government all the tools it requires, and suspect the government is invoking terrorism as a pretext to crack down on civil society. In this context, they fear that the Tunisian government will misrepresent the DI program as U.S. support for revising the law, which will make it more difficult to defeat the legislation. U.S. officials interviewed for this report explained that Embassy Tunis elected to fund this project after concluding that the United States could not prevent the passage of a new NGO law and viewed this project as the best means to influence the outcome of any new legislation. Tunisian

NGOs in any case do not share this perspective and their suspicions regarding the project have been exacerbated by the U.S. embassy’s reported failure to consult with local stakeholders prior to announcing the program.

For its part, Congress remains broadly supportive of Tunisia, consistently prioritizing its bilateral assistance package in recent budgets. When faced with the Trump administration’s proposal to slash Tunisia’s aid package by 67 percent in FY18, Congress pushed back by appropriating $165.4 million, including $30.8 million for democracy and governance programming. Significantly, in the report accompanying its FY18 draft appropriations bill, the Senate included language requiring a report “assessing the feasibility of establishing a multi-year [Memorandum of Understanding] between the Governments of the United States and Tunisia, which may provide greater predictability required to consolidate democratic and economic gains, and combat terrorism, in Tunisia.” However, one U.S. administration official dismissed the likelihood of such an MOU coming to fruition, saying such agreements “are not always helpful because they limit U.S. flexibility.” Congress also renewed the authority for Tunisia to receive U.S.-backed loan guarantees, but U.S. officials said there are currently no plans to pursue additional guarantees in the near future.

It is worth noting that U.S. support for Tunisia extends well beyond the bilateral assistance relationship. Most notably, program design is ongoing for Tunisia’s Millennium Challenge Corporation compact worth an estimated $292 million. The compact is expected to address “excessive market controls of goods and services, excessive labor market regulations, and water scarcity,” and will likely be considered prior to June 2019, according to the Congressional Research Service. The United States also provides additional security assistance to Tunisia through a variety of DOD accounts, including over $83 million from DOD train and equip accounts between FY16-FY17. Tunisia is also eligible for security aid through the Trans-Sahara Counterterrorism Partnership, the Counterterrorism Partnerships Fund, and the Counter-IS Train and Equip Fund, although exact allocations are not publicly available.

Continued congressional support for Tunisia is encouraging, as the country grapples with a multitude of challenges. Tunisia, in contrast to many other countries in the region, genuinely desires U.S. assistance and tends to use U.S. funding productively. In this sense, the American taxpayer gets a good return on investment in Tunisia, and we therefore strongly urge both the administration and Congress to uphold existing assistance levels for Tunisia in FY19. At the same time, we remain concerned about early signs of democratic backsliding in Tunisia, which we believe the U.S. government has too often minimized. Moving forward, we recommend that Congress consider earmarking a larger percentage of assistance to support objectives related to democratic reform, the protection of human rights, and the rule of law. Separately, while as a practical matter the State Department is unlikely to suspend DI’s grant on the NGO law, we encourage the administration to regularly evaluate the effect of the program on the law’s trajectory. If, and as soon as, it appears the new NGO law will impair associational freedom in Tunisia, it will be incumbent upon the U.S. government to publicly dissociate itself from the anti-democratic measure.

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190 The United States currently has multi-year MOUs with Israel, Egypt, and Jordan that designate assistance levels.
191 The United States has provided loan guarantees to Tunisia in 2012, 2014, and 2016 worth nearly $1.5 billion.
Despite the dramatic rise in tensions between the U.S. government and the Palestinian Authority, the total level of funding requested for the West Bank and Gaza in the FY19 budget is identical to the FY18 request.

In addition to the suspension of $65 million to the United Nations Relief and Works Agency, the agency that supports more than five million Palestinian refugees, almost all assistance to the West Bank and Gaza has been frozen pending the outcome of a review.

U.S. assistance to the Palestinians is not just a discretionary package exclusively intended to incentivize Israeli-Palestinian peace. It is also an investment in stability in territories that are critically important to both the United States and Israel.

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
U.S.-Palestinian relations are seemingly at their worst in recent memory. Palestinian Authority (PA) President Mahmoud Abbas showed optimism, as late as last year’s UN General Assembly in September 2017, that the Trump administration would work with the Palestinians to forge a historic peace agreement. Just a few weeks later, the Palestinian Authority signed a reconciliation agreement with Hamas in Cairo, including significant concessions from Hamas, which gave optimism to many that the decade-long rift may finally be coming to an end.

Yet, that optimism proved not only premature, but markedly misplaced. In December 2017, President Trump announced that, unlike his predecessors who re-evaluated their campaign promises to move the U.S. embassy in Israel to Jerusalem once in office, he would fulfill his and move the embassy from Tel Aviv. This led to a nearly unanimous UN General Assembly resolution condemning the decision, which appears to have extinguished any remaining optimism for progress on the Middle East Peace. President Abbas has since called the administration’s attempts at presenting a peace plan, the “slap of the century,” and boycotted meetings with the Trump administration because “the United States has chosen to lose its eligibility as an intermediary. It does not have any role in the political process.”

The prospects for intra-Palestinian reconciliation between Hamas and the PA have also stalled, and an assassination attempt on PA Prime Minister Rami Hamdallah that each side has blamed on the other squandered any goodwill between the factions. Most recently, a two-month-long series of demonstrations along the border fence in Gaza to protest Israel’s blockade of the territory, known as the Great March of Return, resulted in over 100 Palestinians killed and thousands more wounded by Israeli security forces.

Meanwhile, recent polling has shown that a majority of Palestinians continue to lack confidence in the PA and its ability to govern. The low standing of the PA owes in part to its increasingly aggressive repression of dissent, including suppression of freedom of speech and assembly, the torture of detainees, and the use of excessive force against its own people.

Despite the dramatic rise in tensions, the total level of funding requested in the FY19 budget is identical to the FY18 request. The administration is seeking $251 million in total bilateral assistance for the West Bank and Gaza, the majority of which is economic assistance. This is a $40 million (14 percent) reduction
compared to actual allocations in FY17. The president’s FY19 request, however, seeks $44.5 million for GJD programming, slightly more than the FY18 request of $42.7 million. According to the CBJ, the administration will use this aid to help promote accountability, transparency, and oversight “for citizens to more effectively participate in policymaking.” In addition, the administration seeks to strengthen local governments in order to “promote a decentralized local governance system.” The rest of the economic funding would be dedicated toward humanitarian aid ($134 million), economic development ($43 million), and education ($15 million).  

The budget request once again proposes a cut to INCLE programming from $60 million to $35 million; the Obama administration made a similar proposal for FY17. Congress ignored the Trump administration’s request to cut funding to INCLE in FY18, instead matching its FY17 appropriation with $60 million. The INCLE funding would go toward maintaining the “long-term sustainability and effectiveness” of the Palestinian Authority Security Forces through continued training, technical assistance, equipment, and infrastructure programs. INCLE support levels to the PA have fallen dramatically in recent years, from $150 in FY11 to $70 million in FY13 and finally to the current request of $35 million in FY18. The administration has explained that this decline in funding reflects a shift by the United States from a resource-intensive training role to an “advise and assist” role for Palestinian security forces. INCLE funds have trained thousands of security personnel, as well as supported programming to improve the criminal justice system. An additional $1 million in Peace and Security funding would go towards minefield clearance projects in the West Bank, funded through the NADR account.

U.S. economic aid to the West Bank and Gaza has long come with severe restrictions and limitations, and FY18 was no different. Congress took further action to pressure the Palestinian Authority when it passed the controversial Taylor Force Act (TFA) as a part of the FY18 Consolidated Appropriations Act. The TFA requires that no ESF that directly benefits the PA be provided unless the secretary of state is able to certify that the PA has “terminated payments for acts of terrorism against Israeli citizens and United States citizens” to individuals involved or their families. As required by Congress, the secretary of state has subsequently defined programs that “directly benefit” the PA as those for which:

- The PA is the intended primary beneficiary or end user of the assistance
- The PA is the direct recipient of the assistance
- The assistance involves payment to Palestinian Authority creditors
- The primary beneficiary or end user of the assistance is owned or controlled by the PA
- The assistance or services provided directly replace assistance or services provided by the Palestinian Authority

Upon the passage of the TFA, Senator Lindsey Graham (R-SC), who introduced the bill over two years ago, noted that the law “will give us much-needed leverage with the Palestinians to push back on this outrageous policy.”

However, Lara Friedman of the Foundation for Middle East Peace suggests that the new law may actually, and unintentionally, allow more funds to be provided to Palestinians than under the previous restrictions in place since 2015. Earlier “terrorism payment” restrictions cut funding equivalent to the estimated amount spent on prisoner payments; the TFA in contrast would allow 50 percent of such funding to be redirected to non-PA recipients within the West Bank and Gaza rather than cutting it in its entirety.

A portion of ESF has traditionally provided budget support to the PA and went directly to creditors of the PA’s debt. With the TFA, this aid would no longer be possible. Ironically, those funds are usually directed towards Israeli utility companies and private hospitals. Israel has recently introduced legislation similar to the TFA to withhold Palestinian tax revenue that it collects for the PA at border crossings (approximately $140 million or up to three percent of the PA’s budget) and would instead divert those funds to Israeli victims of terror and counterterrorism projects.

The FY18 Consolidated Appropriations Act also renewed many other long-standing conditions on economic aid to the West Bank and Gaza. These include prohibitions if the PA becomes a full member state at the UN without a peace agreement with Israel, initiates or supports an International Criminal Court (ICC) investigation against Israel, or fails to demonstrate a firm commitment to peaceful coexistence with Israel, among others. If these conditions are not met, some or all of U.S. assistance could be suspended or redirected, as is now possible as a result of the recent ICC referral by PA Foreign Minister Riyad al-Maliki.

The greatest threat to U.S. assistance to the West Bank and Gaza may come not from Congress, but from the administration itself. It appears that Trump and his aides view aid to the Palestinians as leverage by which to persuade Abbas to return to the negotiating table following the freeze in relations post-embassy announcement. In a clear threat to suspend assistance to the Palestinians, President Trump tweeted on January 2, 2018, “We pay the Palestinians HUNDRED OF MILLIONS OF DOLLARS a year and get no appreciation or respect...with the Palestinians no longer willing to talk peace, why should we make any of these massive future payments to them?”

Shortly afterwards, U.S. officials said the Trump administration is “reviewing U.S. assistance to the Palestinians in light of their recent conduct,” and announced the suspension of $65 million to the United Nations Relief and Works Agency (UNRWA), the agency that supports more than five million Palestinian refugees by funding schools and health clinics in the West Bank and Gaza, as well as surrounding countries. The United States has traditionally provided nearly 30 percent of UNRWA’s annual
budget. While State Department officials have publicly claimed that the suspension is aimed at prompting UNRWA to enact reforms and encourage other countries to shoulder more of the cost, the suspension almost certainly is motivated by broader policy concerns.\(^{215}\)

Administration officials interviewed for this report have since disclosed that almost all assistance to the West Bank and Gaza, not just for UNRWA, had been frozen pending the outcome of the review. Another U.S. official revealed on background that over $400 million in FY17 and FY18 non-security assistance is on hold, while close to $100 million in security assistance from the same period has also been suspended. The first administration official expressed hope that the review would be completed sometime this summer, but in the meantime a number of Department of State and USAID projects have been instructed to prepare to shut down operations. In this environment, considerations about how to best comply with the requirements of the Taylor Force Act have taken a back seat to the broader assistance review, the consequences of which may prove more far-reaching.

The ongoing tension between the Palestinian Authority and the United States does not bode well for either Middle East peace or stability in the West Bank or Gaza. U.S. assistance to the Palestinians is not just a discretionary package exclusively intended to incentivize Israeli-Palestinian peace. It is also an investment in stability in territories that are critically important to both the United States and Israel. While it remains to be seen whether the suspension of aid will convince Abbas to negotiate with Israel under the Trump administration’s auspices, what is indisputable is that it is increasing the short-term risks of another conflagration. Gaza is already at the breaking point, and security in the West Bank is perpetually tenuous. Squeezing these populations could produce concessions, but it is perhaps more likely that such coercion will ignite the Palestinian tinderbox with devastating consequences for all. We urge the Trump administration to end its assistance review immediately and ensure that vital programs in the West Bank and Gaza receive full funding for the foreseeable future.

President Trump and his administration view the Yemen conflict, referred to by the UN as “the world’s worst humanitarian crisis,” largely through the anti-Iran prism shared by Gulf Arab allies.

Congress has been increasingly active in questioning the U.S. role in Yemen’s civil war and pushing for additional oversight, including through a series of proposed amendments to the FY19 National Defense Authorization Act.

The president’s FY19 budget requests just $43.4 million for Yemen, but the vast majority of U.S. aid to the country comes from various multilateral humanitarian accounts, exceeding $854 million combined in FY17 and FY18.

* Figures for FY10-17 are actual levels, while those for FY18-19 are requested levels. Variance in numbers may occur due to rounding.
As the Yemeni civil war approaches its fourth year, the country has descended into what the United Nations has called “the world’s worst humanitarian crisis.” Seventy-five percent of the population is in need of humanitarian assistance, more than 8 million people are on the brink of famine, more than 1 million people have contracted cholera, some 3 million people have been displaced, at least 10,000 civilians have been killed, and at least 40,000 have been injured—with local estimates ranging much higher. While Yemen’s political alliances shifted markedly over the last year, most notably the end of former President Ali Abdullah Saleh’s alliance with the Houthis and his subsequent killing, there remains no military solution to the conflict. The Saudi-led coalition has retaken some coastal territories and the Houthis appear to be more isolated now than at any other time in the civil war, but further fighting, or a military escalation on the Red Sea coast, is likely to only entrench the warring parties further, rather than lead to negotiations and a much-needed political solution.

President Trump and his administration view the Yemen conflict largely through the anti-Iran prism shared by Gulf Arab allies. DOD has continued to provide intelligence and aerial refueling, and the administration has continued to sell weapons to enable the Saudi-led coalition’s airstrikes in Yemen, which the UN says are the leading cause of civilian casualties in the conflict. The president, however, has at times placed pressure on Saudi Arabia to address the humanitarian crisis in Yemen, such as in December 2017 when, after viewing graphic photos of suffering, he publicly called on Saudi leadership to “completely allow food, fuel, water, and medicine to reach the Yemeni people who desperately need it. This must be done for humanitarian reasons immediately.” Officially, Trump has directed his administration to “focus on ending the war and avoiding a regional conflict, mitigating the humanitarian crisis, and defending Saudi Arabia’s territorial integrity and commerce in the Red Sea.”

Nevertheless, coinciding with Saudi Crown Prince Mohammed bin Salman’s trip to Washington in March, the State Department notified Congress of nearly $1 billion in new arms

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sales to the kingdom. In the wake of claims that Saudi Arabia was pursuing a deliberate strategy of starvation as a weapon of war—a war crime under international law—U.S. Ambassador to Yemen Matthew Tueller was asked whether these arms sales would be conditioned on Saudi Arabia’s avoidance of civilian targets. Tueller instead argued the importance of maintaining a security relationship with the Kingdom. “If we don’t provide those weapons and don’t have that security relationship,” Tueller claimed, “countries will turn to other countries in the world in order to provide not just the actual physical weapons but also the types of training and relationships.”

The FY19 budget request for bilateral aid to Yemen totals just $43.4 million, including $36.2 million in economic aid and $7.3 million in military assistance. Of the economic aid, $10.2 million (23 percent) is designated for GJD programming, including $10 million for civil society and $150,000 for the rule of law and human rights. The FY19 request came in at $8.4 million (24 percent) above the FY18 request, with an increase across the board, except for scaled-down democracy and governance programming.

With the U.S. embassy closed and no official U.S. presence in Yemen, implementing programming is challenging, though U.S. officials interviewed for this report suggested they have continued to issue general solicitations for international and local NGOs to work on modest education, health, and stabilization projects. Other current USAID programs include working with local governance structures, improving purchasing power, and supporting the Central Bank in Aden to extend credit to food and fuel importers. U.S. officials insisted that their efforts could address “some drivers of the conflict outside of the political process,” adding that they were not willing “to wait for peace to break out.”

The vast majority of U.S. aid to Yemen, however, comes from various multilateral humanitarian accounts. During an April 2018 high-level pledging conference co-hosted by the United Nations, Switzerland, and Sweden, the Trump administration announced an additional $87 million in humanitarian assistance to “provide food assistance, and pay for safe drinking water, treatment for malnourished children, emergency shelter, protection, medical supplies, and other critical support.” Total humanitarian aid to Yemen exceeded $854 million in FY17 and FY18 through the State Department’s Migration and

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Refugee Assistance (MRA) account as well as the USAID International Disaster Assistance (IDA) and Food For Peace (FFP) accounts. As discussed earlier in this report, the FY19 request, like the previous year, proposes consolidating the IDA and FFP accounts, as well as the MRA and the U.S. Emergency Migration and Refugee Assistance (ERMA) accounts, in the name of efficiency and reducing duplication of efforts. These consolidation proposals would, however, significantly reduce funding totals, potentially affecting millions of people in Yemen and around the globe.

While the provision of humanitarian aid is crucial, doubts remain about actors’ ability to deliver the assistance. Administration officials have expressed frustration that, despite President Trump’s call to lift the blockade of Yemeni ports, the Saudi coalition has been slow to respond. In January, following international pressure, the coalition temporarily eased its blockade long enough for the World Food Programme to deliver four USAID-purchased mobile cranes to the Houthi-controlled port of Hodeida, which is the entry point for 70 percent of Yemen's imports. These cranes, which were replacements for four that the Saudi-led coalition had destroyed in 2015 airstrikes, were provided for expediting the unloading of food and other humanitarian cargo. According to international NGOs, container ships, with rare exceptions, have not been allowed to dock and offload at Hodeidah, which was the cranes’ intended purpose, and the coalition has continued to choke vital imports coming into Hodeidah.

For its part, Congress has been increasingly active in questioning the U.S. role in Yemen’s civil war and pushing for additional oversight. Proposed amendments to the FY19 National Defense Authorization Act would enhance reporting requirements on the administration and call for a halt in the refueling of non-U.S. aircraft unless it could be shown that the Saudi-led coalition was meeting a series of requirements, such as putting a good-faith effort into diplomatic negotiations, facilitating the flow of humanitarian aid, reducing the risk to civilians, and providing the U.S. government

230 See the 2017 version of this report for full details on the proposal.
with damage assessments of airstrikes for which the United States provided refueling.

In March, the same day that President Trump touted U.S. military equipment sales to Saudi Arabia with Saudi Crown Prince Mohammed bin Salman in the White House, the Senate voted on an unprecedented joint resolution sponsored by Bernie Sanders (I-VT), Mike Lee (R-UT), and Chris Murphy (D-CT) that sought to end U.S. support of Saudi-coalition forces in Yemen via the War Powers Resolution. The resolution was tabled in a narrow 55-44 vote, but it served as a “signal that the U.S. Senate is not going to stand idly by and let this fatal foreign policy mistake continue unabated.” This vote followed a resolution passed by the House in November, calling for a political solution in Yemen and underscoring that U.S. involvement in the conflict was not congressionally authorized.

The ability of the United States to substantially improve the humanitarian situation on the ground is being held hostage to the absence of a credible political process and U.S. enablement of further military escalation by the Saudi-led coalition. Administration claims that, if the United States was not involved in supporting the Saudi-led coalition, the humanitarian situation would be much worse and U.S. leverage over the warring parties would be reduced, are ultimately unproven. At the very least, mounting civilian casualties and destruction at the hands of Saudi airstrikes and a reinvigorated al-Qaeda in the Arabian Peninsula would seem to suggest a change in course is in order.

This conflict has gone on long enough, and with no signs of an imminent breakthrough, it is time for the Trump administration to put its full weight behind a UN-backed peace negotiation that brings all players to the table. The United States cannot do so credibly, however, while it continues to arm and enable one side of the conflict. A robust U.S. effort to mediate a political solution in Yemen will inevitably create some tension in bilateral relationships with Saudi Arabia and the United Arab Emirates, but if this is the primary cost of resolving a conflict that has inflicted untold suffering on millions of civilians and weakened the security position of the United States and its partners, including Riyadh and Abu Dhabi, it is a small price to pay.

### APPENDIX: DATA TABLES

#### TABLE 1: TOTAL ASSISTANCE BY STRATEGIC OBJECTIVE, FY10-FY19 (IN MILLIONS OF DOLLARS)

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#### TABLE 2: GJD FUNDS BY PROGRAM AREA, FY10-FY19 (IN MILLIONS OF DOLLARS)

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There may be variance in numbers used throughout this report due to rounding.
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(Millions USD)

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President Trump’s Second Foreign Affairs Budget
Democracy, Governance, and Human Rights
In the Middle East and North Africa in FY19

June 2018

Andrew Miller • Todd Ruffner