



The Federal Budget and Appropriations for Fiscal Year 2011

DEMOCRACY, GOVERNANCE, AND HUMAN RIGHTS
IN THE MIDDLE EAST

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THE PROJECT ON MIDDLE EAST DEMOCRACY is a nonpartisan, nonprofit organization dedicated to examining the impact of American policy on political reform and democratization in the Middle East. Through dialogue, policy analysis, and advocacy, we aim to promote understanding of how genuine, authentic democracies can develop in the Middle East and how the U.S. can best support that process.

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The conclusions in this paper are those of the author, and do not necessarily represent the positions of Project on Middle East Democracy as an organization.

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Acronyms and Abbreviations

BBG	<i>Broadcasting Board of Governors</i>
BMENA	<i>Broader Middle East and North Africa</i>
CBJ	<i>Congressional Budget Justification</i>
CIA	<i>Central Intelligence Agency</i>
CLP	<i>Community Livelihoods Project (USAID)</i>
DA	<i>Development Assistance</i>
DCHA	<i>Bureau for Democracy, Conflict, and Humanitarian Assistance (USAID)</i>
DOD	<i>Department of Defense</i>
DRL	<i>Bureau for Democracy, Human Rights, and Labor, U.S. Department of State</i>
ESF	<i>Economic Support Funds</i>
FMF	<i>Foreign Military Financing</i>
GJD	<i>Governing Justly and Democratically</i>
MCA	<i>Millennium Challenge Account</i>
MCC	<i>Millennium Challenge Corporation</i>
MENA	<i>Middle East and North Africa</i>
MEPI	<i>Middle East Partnership Initiative</i>
NEA	<i>Bureau of Near Eastern Affairs, U.S. Department of State</i>
NED	<i>National Endowment for Democracy</i>
NERD	<i>Near East Regional Democracy</i>
OTI	<i>Office of Transition Initiatives (USAID)</i>
RGP	<i>Responsive Governance Project (USAID)</i>
UNDEF	<i>United Nations Democracy Fund</i>
USAID	<i>United States Agency for International Development</i>
VOA	<i>Voice of America</i>

Executive Summary

In February and March, President Obama submitted to Congress a series of documents detailing his budget request for Fiscal Year 2011. While this is the President's second annual budget request, it is in reality the first request compiled entirely by his administration. A year ago, many observers warned against reading too much into President Obama's first annual budget request, cautioning that the approach to the region likely included temporary holdovers from the Bush administration along with some provisional changes in key countries that would all be reevaluated.

On the contrary, one remarkable feature of the FY11 budget is the surprising level of continuity from FY10. Key programs that were temporarily held over one year ago have now received longer-term support, while changes made in FY10 have now been consolidated in the FY11 budget. Last year's version of this report remarked that the FY10 budget suggested that the new administration did in fact "take seriously the role of the U.S. in supporting democracy, governance, and human rights in the Broader Middle East and North Africa (BMENA)." That remains true of the new budget for FY11.

At the same time, the new budget reflects the inherent tensions between the administration's commitment to build stronger relationships with the region's nondemocratic governments and its stated desire to support human dignity and "broader engagement." There is a widespread perception among supporters of democracy that the administration is focusing too much on improving the ability of current regimes to govern while overlooking the need for pluralism and political competition. This budget does not dispel that notion. While the FY11 request reinforces increases in support for democracy indicated in the FY10 budget, it also upholds some troubling cuts and shifts in the approach to countries like Egypt and Jordan.

Last year's version of this report also predicted that the Democrat-controlled Congress would come far closer to fully granting the FY10 budget request of President Obama than it had to granting requested increases and changes in the annual budgets of the Bush administration. That was generally proven correct by the December 2009 passage of the Consolidated Appropriations Act for Fiscal Year 2010. Once again this year, Congress appears likely to pass FY11 appropriations for the region much as requested.

Support for democracy goes far beyond funding levels or assistance programs. *How* funds are spent matters as much as the amounts being spent. Moreover, diplomatic support and a range of other policy tools must complement any funding or programming. The levels of funding found in the annual budget merely reflect one component of what necessarily must be a complex, multifaceted task. These levels, however, certainly deserve to be examined, not only for their substantive impact, but also for the signals they send both to reformers and to the region's governments.

Finally, in a report examining funding levels and budget priorities, it must be noted that despite the Obama administration's stated intention to support "broader engagement" with Middle Eastern countries, U.S. assistance to the region remains dominated by aid for regional militaries. Leaving aside Iraq, the FY11 budget requests \$5.1 billion for military assistance to the Middle East but only \$1.3 billion for non-military assistance and initiatives, of which \$225.9 million is designated to support democracy and governance. Moreover, these figures

are dwarfed by the \$159.3 billion requested for Department of Defense expenditures in Iraq and Afghanistan. If the U.S. intends to credibly convey support for the region's people and not merely its authoritarian governments, the vast disparity between military and soft power spending in the region must be reconsidered.

Key findings:

- **MEPI has Obama's support.** The Middle East Partnership Initiative (MEPI) has become a centerpiece of the administration's efforts to engage civil society and support democracy in the region. Following a 30% increase in funding in FY10, the new budget requests an additional 32% increase up to \$86 million. More than 60% (\$52.9 million) of the requested funding is for MEPI's democracy and governance programs, with \$27.2 million designated for civil society – a 39% increase from FY10.
- **Controversial changes in U.S. assistance to Egypt have been reinforced.** Funding for democracy in Egypt remains at levels sharply reduced in March 2009, which included disproportionate cuts in funding for civil society. The decision to provide USAID funding only to organizations registered and approved as NGOs by the Egyptian government remains in place. Finally, the administration is now exploring the establishment of an "endowment" proposed by the Egyptian government to remove congressional oversight over future U.S. economic aid.
- **The administration is leaving Iraq's governance to Iraqi institutions.** As the U.S. military draws down its presence in Iraq, the budget is also beginning to decrease large-scale bilateral funding for democracy and governance in Iraq, which is reduced 46% from existing levels.
- **Administration has "doubled down" on aid to Afghanistan and Pakistan.** After increasing aid to Afghanistan and Pakistan a year ago from \$1.87 billion to \$4.36 billion, President Obama has now requested an even larger increase, up to a total of \$6.95 billion. This increase extends to funding for democracy and governance programs in the two countries, for which \$1.58 billion is requested, up from a FY10 request of \$991 million.
- **Aid to Yemen is up.** In last year's FY10 budget, President Obama requested a 38% increase in foreign aid to Yemen, including a more than threefold increase in funding for democracy and governance programming. Now for FY11, he has requested an additional 58% increase in assistance to Yemen, while also restructuring USAID's approach to the country.
- **Internet freedom is a major point of emphasis.** The Obama administration and Congress alike have embraced support for freedom of Internet access and online expression as a key component of the efforts to support human rights abroad. The Middle East is a particular focus of this approach.
- **Total foreign assistance is increased.** The Obama administration has requested a considerable increase in total foreign assistance for the BMENA region. At \$14 billion, the request represents a 27% increase over the FY10 budget for total aid to the region.
- **Total funding for democracy and governance is up.** Leaving aside the outsized security and military-driven cases of Iraq, Afghanistan and Pakistan, the FY11 budget increases funding for democracy and governance by 10% across the region.

Introduction: *Assessing the Priorities of the Obama Administration*

“We must try as best we can to balance isolation and engagement, pressure and incentives, so that human rights and dignity are advanced over time.”

– President Obama in Oslo, Norway, December 10, 2009

To its credit, the Obama administration has made the difficult task of renewing the relationships between the United States and the Middle East and Muslim communities one of its top foreign policy priorities. During his first weeks in office, President Obama spoke often of the need to forge a new relationship based on “mutual interest and mutual respect.” In his June 2009 speech in Cairo he elaborated on this vision, outlining seven key issues facing the West and the Muslim world. While the first three of these were stability and security-focused, the president also highlighted U.S. support for four “human dignity” issues: democracy, religious freedom, women’s rights, and development. The president declared that “while America in the past has focused on oil and gas in this part of the world, we now seek a broader engagement ... Americans are ready to join with citizens and governments; community organizations, religious leaders, and businesses in Muslim communities around the world to help our people pursue a better life.”

Despite these good intentions, the administration has struggled to negotiate the inherent tensions between its commitment to build stronger working relationships with regional governments and its stated support for human dignity and “broader engagement.” This tension is perhaps most evident in countries like Iran and Egypt, where governments have loudly objected to U.S. financial and rhetorical support for human rights activists. But it is also expressed in the development initiatives intended to fol-

low President Obama’s Cairo speech. The State Department appears to have chosen priorities with an eye toward attracting support from regional governments, opting to focus on entrepreneurship, science and technology, and education – but not political reform. Secretary Clinton has argued that development, human rights, and democracy are mutually reinforcing, such that advances in these development initiatives will support democratic development as well. This, however, remains to be seen.

The Obama administration’s latest budget request in many ways reflects this ongoing tension. The numbers show that the administration continues to seek high levels of funding for most democracy programs. It is less clear whether these programs benefit from the levels of diplomatic support necessary for them to achieve their goals.

In February and March, President Obama submitted to Congress a series of documents detailing his budget request for Fiscal Year 2011. While this is the President’s second annual budget request, it is in many respects the first compiled entirely by his administration. Due to lengthy internal budgeting procedures, the request for Fiscal Year 2010 – submitted by President Obama to Congress in spring 2009 – included many funding levels that resulted from processes initiated during the final months of the Bush administration. Apart from changes reflecting the new administration’s shifting approach in select countries like Afghanistan, Pakistan, and Egypt, President Obama’s FY10 budget request a year ago demonstrated considerable continuity from the Bush administration, as it continued to fund key Bush-era initiatives and maintained overall increases for democracy and governance funding across the region.

Many observers, however, cautioned a year ago against concluding too much from the first Obama budget, warning that it may include holdover “Bush numbers” rather than “true Obama numbers,” which would not emerge until the new president’s second budget for Fiscal Year 2011. Now that the details of the FY11 request have been released, it demonstrates far more continuity from the FY10 budget than many had expected. Key programs that were temporarily held over one year ago have now received longer-term support, while changes made in FY10 have now been consolidated in the FY11 budget. Further, while funding for democracy and governance is moderately increased in this budget, it remains a small fraction of the requested funding for military assistance to the region.

Certainly, budget numbers and funding levels alone do not tell the full story, and any funding for democracy, human rights, and governance must be supported by diplomacy and other policy tools in order to be successful. Yet funding levels play a powerful role in setting U.S. policy and signaling administration priorities to others. Examining budget numbers provides important insight into at least one component of what must necessarily be a broad, multifaceted effort to support democracy in the Middle East.

Just over a year into Obama’s presidency, the new budget offers tangible demonstration of the administration’s commitment to declared priorities.

This report aims to examine the most important aspects of the Obama administration’s budget for foreign affairs for FY11 from the perspective of democracy, governance, and human rights in the Middle East and North Africa. In addition, it briefly examines two countries just outside the region – Afghanistan and Pakistan – that are closely tied to U.S. policy in the Middle East. The report highlights trends and changes in funding levels over the past several years and breaks down the budget request by strategic objective, by program area, and by country. There is particular emphasis on funding requested for programs designated under the State Department’s strategic objective of Governing Justly and Democratically (GJD). Analysis of the federal budget documents has been complemented by an array of interviews with administration officials, congressional staff, independent experts and analysts, democracy promotion practitioners, and former government officials. Finally, the report draws conclusions regarding the reasons for proposed funding changes and potential consequences of the budget for the prospects of democratic reform in the region.

The Big Picture: *Total Assistance for the Middle East and North Africa*

The President's budget request for Fiscal Year 2011 (FY11)¹ includes \$58.5 billion for international affairs, an 11.6% increase of \$6.1 billion over the FY10 international affairs budget enacted by Congress in December 2009.² It should be noted, however, that in conjunction with the administration's annual budget request for FY11, it also submitted to Congress a supplemental war spending request for FY10, which includes \$4.5 billion in international affairs spending for Afghanistan, Iraq, and Pakistan. If Congress elects to fully grant this request, then the FY11 request for international affairs would represent a more moderate 2.8% increase over the FY10 levels including supplemental spending. This total request of \$58.5 billion for international affairs represents 1.4% of the entire federal budget, and 10.7% of the budget request for the Department of Defense.

Within this total for international affairs, the President's budget requests \$41.3 billion in foreign assistance, a considerable increase for the second consecutive year. This keeps the administration on track to double foreign aid from FY09 to FY15, as President Obama has promised. The \$41.3 billion represents a

58% increase over two years from the FY09 level of \$26.1 billion.³

For the countries in the State Department's Near East region,⁴ the FY11 budget requests a total of \$7.03 billion. This figure is 6.3% more than the total amount granted for FY10. Moreover, two key countries that are technically outside the Near East yet have an impact on the region – Afghanistan and Pakistan – are the two largest recipients of U.S. foreign assistance under the FY11 request. Consequently, for the expanded Broader Middle East and North Africa (BMENA)⁵ regional classification, which includes the 18 countries of the Near East along with Afghanistan, Pakistan, Turkey, and Mauritania, the request is \$14.0 billion, a 27% increase over the level of funding granted by Congress for FY10.

Although these increases in overall funding are significant, it is important to look more closely at what kinds of funding are increased and decreased and to what degree across the region. To this end, we can break the funding down according to the State Department's five strategic objectives for foreign assistance:

¹ Office of Management and Budget, *Fiscal Year 2011 Budget of the U.S. Government*, February 2010.

² Drawing comparisons between levels of funding requested for FY11 and the levels from FY10 is complicated by the administration's recent request for a supplemental appropriations bill for Fiscal Year 2010. This supplemental requests funding for only three countries: Iraq, Afghanistan, and Pakistan, and it was submitted to Congress simultaneously with the Congressional Budget Justification for FY11, on March 4, 2010. Congress has not yet had the chance to act on this request and it is therefore unclear what the final levels of funding for these countries will be for FY10. For the sake of comparison, in the body of this report, requested levels of funding for FY11 in these three countries as well as any regional total including these three countries will generally be compared to the amount requested for FY10 by the administration in May 2009. For other countries and for totals not including these three countries, the request for FY11 will be normally compared to the levels granted for FY10, which should generally be the final numbers spent in this current fiscal year.

³ "USGLC Applauds President's FY 2011 International Affairs Budget, Critical Part of National Security Funding," U.S. Global Leadership Coalition, February 1, 2010.

⁴ The eighteen countries handled by the State Department's Bureau of Near Eastern Affairs are Algeria, Bahrain, Egypt, Iran, Iraq, Israel and the Palestinian territories, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, and Yemen.

⁵ The use of the BMENA classification is not intended to refer specifically to the G8 BMENA Initiative or the Forum for the Future. It is simply used as a convenient term to refer to the 22 countries considered in this study.

- **Peace and Security:** Provides various forms of military assistance within five program areas: Counter-Terrorism; Combating Weapons of Mass Destruction; Stabilization Operations and Security Sector Reform; Combating Transnational Crime; and Conflict Mitigation and Reconciliation.

- **Governing Justly and Democratically (GJD):** Consists of four strategic priorities and program areas: Rule of Law and Human Rights; Good Governance; Political Competition and Consensus Building; and Civil Society (more detail on each program area in the next section, on GJD).

- **Investing in People:** Focuses on ensuring good health, improving access to education and strengthening quality of education systems, and providing social services and protection to especially vulnerable populations.

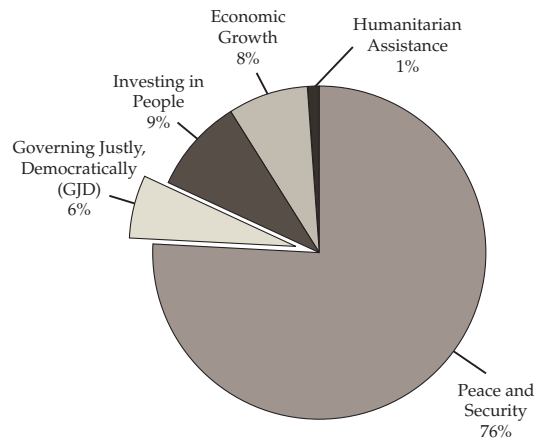
- **Promoting Economic Growth and Prosperity:** Works to strengthen private markets, trade and investment, infrastructure, agriculture, the environment, economic opportunities, and the financial sector.

- **Humanitarian Assistance:** Provides protection, assistance, and solutions for civilians affected by conflict, disaster, and displacement from physical harm, persecution, exploitation, abuse, malnutrition and disease, family separation, gender-based violence, forcible recruitment, and other threats.⁶

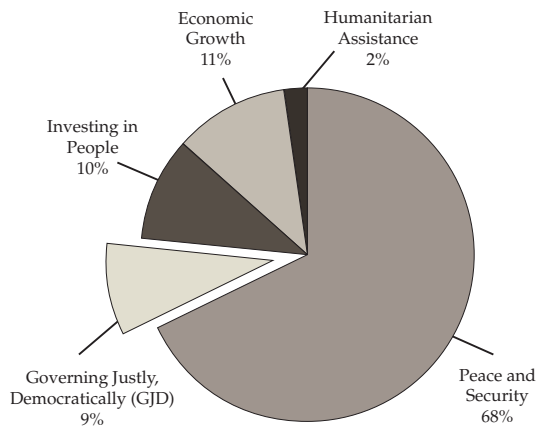
The budget requests \$1.98 billion in assistance to the BMENA region within the Governing Justly and Democratically (GJD) objective, a 29% increase over the request for

FY10. However, the majority of this money is designated for only three countries – Iraq, Afghanistan, and Pakistan – raising concerns in some circles that this concentration of funding could signal diminished support for democracy promotion elsewhere in the region.⁷ Considering the Near East region, the budget requests \$401 million for GJD

FY11 Request by Objective, Near East



FY08 Funding by Objective, Near East



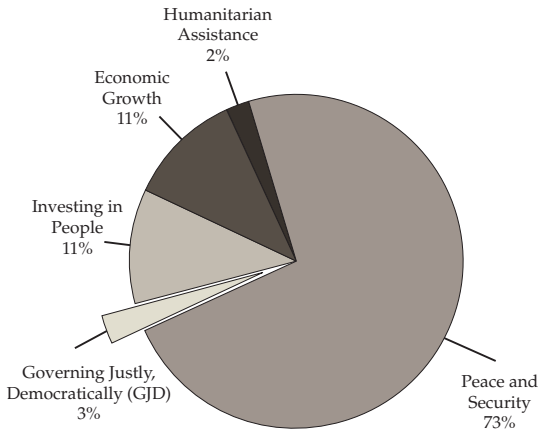
⁶ For more detailed descriptions of these five strategic objectives, see "U.S. Department of State, U.S. Agency for International Development. Strategic Plan, Fiscal Years 2007-2012."

⁷ Daniel Brumberg, "In Pursuit of Democracy and Security in the Greater Middle East," United States Institute of Peace, January 21, 2010

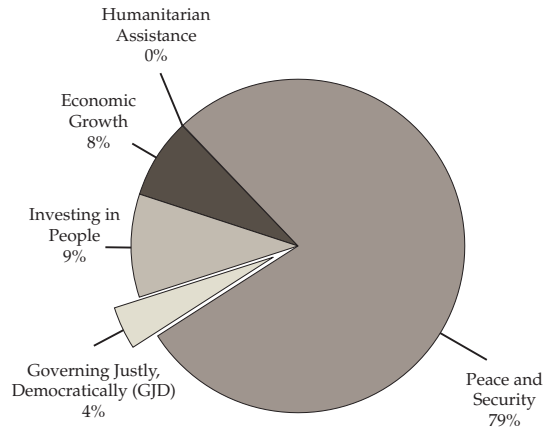
programs, or 5.6% of the total. These figures are down from \$530.8 million, or 8.1% of the total, in FY10.

The decrease in GJD funding requested for the Near East, however, can be entirely accounted for by the cut of more than \$150 million for democracy and governance programming in Iraq. Omitting Iraq from the totals, the funding requested for democracy and governance constitutes 3.5% of the budget for the region, a very slight increase over previous years. At the same time, assistance under the Peace and Security objective is now 79% of total aid to the region, an increase over previous years, while funding designated for Economic Growth has gradually decreased in recent years.

FY08 Funding by Objective, Near East Less Iraq



FY11 Funding by Objective, Near East Less Iraq



Breaking Down Democracy and Governance Requests:

Rule of Law and Human Rights, Political Competition, Good Governance, and Civil Society

As previously mentioned, the Department of State breaks down the budget for international affairs into five broad strategic objectives: Governing Justly and Democratically (GJD); Peace and Security; Investing in People; Economic Growth; and Humanitarian Assistance. Several of these areas are interconnected – it could certainly be argued that promoting peace, security, and economic development are themselves essential components of democratic development. Nonetheless, the GJD objective is the best, though imperfect, measure of funding for supporting democracy, governance and human rights. The GJD objective is further divided into four program areas:⁸

- **Rule of Law and Human Rights:** Assists constitutional and legal reform, judicial independence and reform, the administration of and access to justice, protection of human rights, prevention of crime, and community-based efforts to improve security.
- **Good Governance:** Strengthens executive, legislative, and local government capabilities and improves transparency and accountability for government institutions; also strengthens anticorruption programs.
- **Political Competition and Consensus Building:** Promotes free, fair, and transparent multiparty elections, and promotes representative and accountable political parties committed to democracy.
- **Civil Society:** Strengthens independent media, nongovernmental organizations (particularly advocacy functions), think tanks, and labor unions.

These four categories are used to classify all funds designated for GJD, whether through bilateral assistance or multi-country programs via USAID, the Department of State and MEPI. Because of large cuts in assistance to Iraq in conjunction with the drawing down of the U.S. military presence in Iraq, the raw totals for GJD funding for the Near East are all significant decreases relative to FY10. However, when excluding the Iraq numbers from the region, a different picture emerges – total GJD funding for the region is \$225.7 million, a 10% increase over the \$204.3 million granted in FY10. Further, the budget request reflects increases to three of the four GJD program areas: for Rule of Law and Human Rights (up 39% from \$49.4 million to \$68.7 million); Political Competition and Consensus Building (up 13% from \$23.2 million to \$26.2 million); and Civil Society (up 3% from \$83.6 million to \$86.3 million). Only the Good Governance program area sees a modest (8%) decrease in requested funding. It should be noted that this is a reverse from last year, when funding for Good Governance programming was increased 16%.

⁸ U.S. Agency for International Development, "A Democracy and Governance Strategic Framework," December 2005.

Major Initiatives: Multi-Country Accounts and Programs

There are a number of specific multi-country programs and accounts that conduct efforts focused on improving the state of human rights, democracy, and governance in the broader Middle East. These include: the Middle East Partnership Initiative (MEPI); the Bureau for Democracy, Human Rights, and Labor (DRL) at the Department of State; the USAID Office of Democracy and Governance within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA); the year-old Near East Regional Democracy (NERD) program; institutions outside of the government like the National Endowment for Democracy (NED); and multilateral institutions such as the UN Democracy Fund (UNDEF).

Some have argued that the existence of a wide array of institutions that distribute foreign assistance inevitably results in unnecessary duplication of programming, inefficiencies, and a lack of coherence and coordination.⁹ However, such arguments have focused more often than not on assistance for economic development, rather than specifically examining the needs of assistance for democracy and governance. Support for democracy and governance requires a variety of different programs, for which different types of agencies with varying roles inside the U.S. government and differing relationships with host governments may be needed. In any case, while there has been much discussion of options for broad reform of foreign assistance, including the possible consolidation of existing agencies, in the near term at least the Obama administration has demonstrated support for the existing range of institutions.

This report will now examine the funding and budgets for several of these agencies and institutions, and review their efforts to support democracy within the BMENA region. It will also discuss support for Internet freedom, which has been a major focus of the Obama administration.

I. Middle East Partnership Initiative

Arguably, one of the strongest demonstrations of the Obama administration's commitment to democracy, human rights, and political reform in the Middle East has been its strong support for the Middle East Partnership Initiative (MEPI). Much maligned in its early years as a partisan initiative of the Bush administration, many observers wondered whether MEPI would even continue under the new Democratic administration, or whether it might be moved out of the State Department's Bureau of Near East Affairs (NEA) into either the Bureau of Democracy, Human Rights, and Labor (DRL) or over to USAID.¹⁰ In his budget request a year ago for FY10, President Obama elected to sustain MEPI for at least a year before making a longer-term decision on the future of the institution. Now, in his FY11 budget request, President Obama has solidified his support for MEPI and its place within the NEA Bureau, and the administration has come to see MEPI as an important reflection of its commitment to democracy and human rights in the region. In particular, the administration has considerably increased MEPI funding to support civil society.

For FY11, the President has requested \$86 million for MEPI, matching the request of

⁹ See Gerald F. Hyman, *A Cabinet-Level Agency: Right Problem, Wrong Solution*. Center for Strategic and International Studies, January 2009.

¹⁰ "What Will the Middle East Partnership Look Like in 2015?" Center for Strategic and International Studies, August 7, 2008.

the past several years. However, Congress has granted less than requested for MEPI in every year except FY06. If Congress were to fully grant the President's request for FY11, it would represent a 32% increase over the level of funding granted in FY10 and a 72% increase over two years from the \$50 million level that was granted annually by Congress from FY07 through FY09. Moreover, the majority (61.5%) of requested funding for MEPI is designated for the Governing Justly and Democratically (GJD) objective, for which \$52.9 million is requested (up 45% from \$36.4 million in FY10). Steadily, a larger share of MEPI's funding each year has been designated for democracy and governance.

The FY11 budget continues to increase the civil society portion of MEPI's expenses. This is particularly important in light of the trend in FY09 and FY10, noted in last year's edition of this report, to decrease funding for civil society actors through USAID's bilateral funding across the region. The FY11 request includes \$27.2 million for civil society, a 39% increase from the \$19.6 million level of FY10. It is important to note that although Congress granted \$21 million less than requested for MEPI in FY10, the administration elected to allocate the full amount requested for civil society while distributing the shortfall among the three remaining program areas. This indicates a recognition by the administration and MEPI leadership of the important role MEPI plays in supporting civil society actors across the region.

MEPI was established in December 2002 within NEA at the Department of State to "provide a framework and funding for the U.S. to work together with governments and people in the Arab world to expand economic, political and educational opportunities for all."¹¹ Until FY09, its programs were categorized into four pillars: political reform, economic reform, educational reform, and wom-

en's empowerment. In 2009, MEPI decided to do away with the "pillar" categorization entirely. This should not be read, however, as a particularly important substantive change. MEPI programming certainly continues to support political reform, economic reform, educational reform, and women's empowerment. It has merely been decided that it is more useful to simply categorize MEPI programs under the same strategic objectives and program areas established by the Office of Foreign Assistance to categorize foreign assistance distributed by USAID and other U.S. government institutions.

In the eight years since its inception, MEPI has evolved considerably and has found its niche within the U.S. government assistance apparatus. Compared to USAID's programs in the Middle East, MEPI programs are generally shorter-term and more focused on addressing specific political challenges that must be overcome in order for USAID's longer-term development programs to succeed. Over time, MEPI has shifted away from working with host government ministries on governance issues – work for which USAID may be better suited – and toward direct funding, largely through its small grants program for independent civil society organizations and supporting political competition.¹² These are the more contentious areas that USAID may not be as well placed to implement, because of its relationships with host governments across the region. The Obama administration appears to have accelerated this shift, as it decreased USAID funding for civil society across the region in FY09 and FY10, while prioritizing MEPI's support for civil society. MEPI currently has approximately 500 ongoing projects across the region, and more than half of those are in the form of grants to local civil society organizations. The initiative is now offering more funds for grants in specific areas of interest, with recent Requests for Applications for grants targeting new

¹¹ "The Middle East Partnership Initiative," U.S. Department of State, December 12, 2002.

¹² Tamara Cofman Wittes and Andrew Masloski, "Democracy Promotion Under Obama: Lessons from the Middle East Partnership Initiative." Brookings Institution, May 2009.

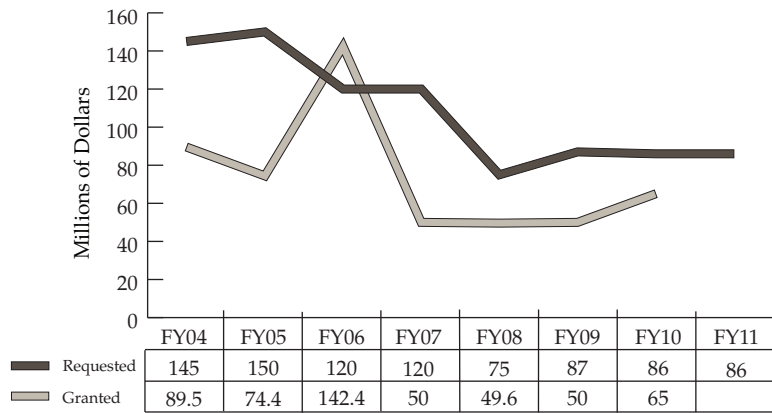
media, women's empowerment, and youth. Although many within the foreign policy community agree that MEPI is in some respects better suited to support independent political actors than USAID, concern remains surrounding the transfer of such support from USAID to MEPI in countries like Egypt, where the initiative continues to have only a fraction of the resources possessed by USAID to distribute in the region.

MEPI's programming across the region has a strong emphasis on spurring political engagement among youth and women, with projects targeting these two groups in nearly every country in which MEPI operates. Many of its projects engage citizens of several Arab countries and foster interactions and dialogue among them. The initiative plays a particularly important role in the Arab Persian Gulf states, where USAID is not active and MEPI is the main source of funding for democracy and governance programming. MEPI projects include a program using online technology to encourage debate and civic activism among youth in the United Arab Emirates, a training program in both traditional journalism and new media for high school students in Oman, and a program to support young women political and civic leaders in the five countries of North Africa.

During the last few years of the Bush administration, particularly after the Democratic Party gained a majority of seats in Congress in the November 2006 elections, MEPI encountered increasing resistance in obtaining congressional funding. Congressional

skepticism toward MEPI came not only from Democrats hesitant to embrace what was widely viewed as a signature program of the Bush administration, but also from senior Republican members of Congress. A November 2007 report released by Senator Richard Lugar (R-IN) and the Republican staff of the Senate Foreign Relations Committee described MEPI as unevenly managed and lacking consistent coordination with embassies across the region.¹³ Funding for MEPI peaked in FY06 at \$142.4 million. Since then, the president's budget request was gradually scaled back, with Congress reluctant to grant the full amounts requested.

MEPI Funds, Requested vs Granted, FY04 - FY11



Please note that the figure for FY06 may be somewhat misleading – in the State and Foreign Operations Appropriations Act for FY06, Congress “granted” \$114.2 million for the account then designated for MEPI. However, MEPI was later tasked by the administration with programming more than \$20 million in additional ESF funds and earmarked for Iran and the Palestinian territories, inflating the total above the level that Congress aimed to “grant.”

However, it seems that these trends may have been reversed by the Obama administration and its improved relations with the Democrat-controlled Congress. The Consolidated Appropriations Act for Fiscal Year 2010, passed in December 2009, includes \$65 million designated for MEPI, which represents a 30%

¹³ Senator Richard Lugar, “Embassies Grapple to Guide Foreign Aid: A Report to Members of the Committee on Foreign Relations,” United States Senate, November 16, 2007.

increase over the funding granted annually for MEPI from 2007-2009. This was only the second time since 2004 that Congress did not grant funding for MEPI at a level at least one-third below the President's request. There is now speculation that this trend may continue, and that Congress could elect to grant the full request of \$86 million for FY11.

II. Millennium Challenge Corporation

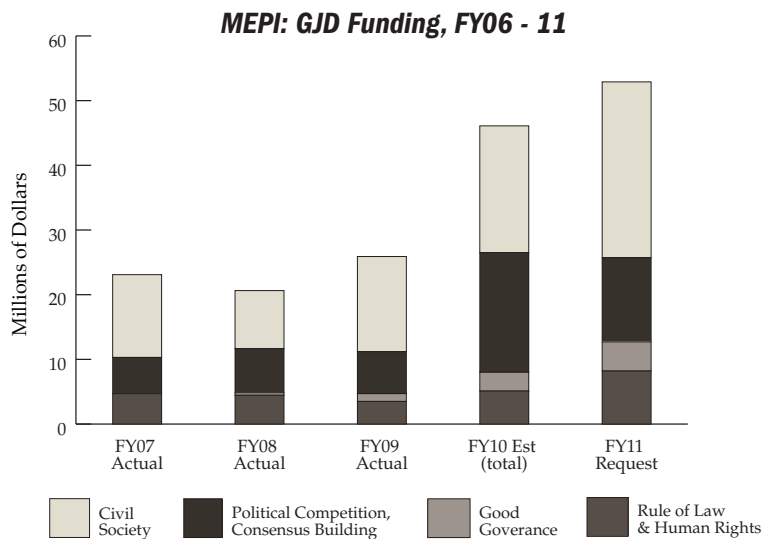
Like MEPI, the Millennium Challenge Corporation is a large-scale foreign assistance initiative established by the Bush administration whose future has been considered by

The President's request for FY11 includes \$1.28 billion for MCC. This is 16% more than the \$1.105 billion granted by Congress in the FY10 Consolidated Appropriations Act. This is 10% less than the \$1.425 billion sought in FY10, and the FY11 request is in fact the lowest level of funding requested for MCC since the first year of the program in 2004. However, that should not be read as indicating a lack of support for the initiative. On the contrary, although the future of MCC was in doubt 16 months ago, and congressional support waned in 2007 and 2008, the \$1.105 billion granted by Congress for FY10 represented a 26% increase over FY09 at a time when many were anticipating further cuts to the program. And it was apparently the Obama administration's support for the initiative that generated the congressional will to increase funding.

MCC was established in January 2004 "based on the principle that aid is most effective when it reinforces good governance, economic freedom and investments in people." It manages the distribution of funds through the Millennium Challenge Account (MCA), which receives funding from Congress through annual appropriations. MCC has

been somewhat controversial with some observers criticizing the MCC as soft on its democratic criteria,¹⁵ while others urge wider application of the MCC 'positive conditionality' model to other U.S. assistance programs.¹⁶ Three Arab countries – Jordan, Morocco and Yemen – have had assistance agreements with MCC.

many observers to be very much in doubt under the new Democratic administration. And like MEPI, President Obama's support for MCC has given the institution new life, at least in the near term. Speculation remains, however, that Congress may seek to alter MCC's funding mechanisms in the years ahead, limiting its independence and tempering its unique approach to aid.¹⁴



¹⁴ John Hewko, "Millennium Challenge Corporation: Can the Experiment Survive?" Carnegie Endowment for International Peace, March 2010.

¹⁵ "Millennium Challenge Corporation Should Hold Countries to Higher Standards of Democratic Governance," Freedom House Press Release, November 2, 2006.

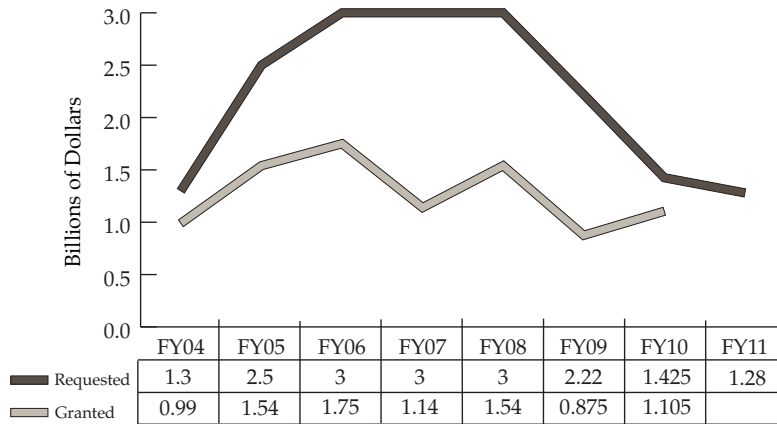
¹⁶ E.g. Larry Diamond in "The Democratic Rollback," *Foreign Affairs*, March 2008.

The MCC gives an annual scorecard to each of the 128 countries in the world classified as “Lower Income Countries” or “Lower Middle Income Countries.” The scorecard measures each country on seventeen indica-

longer-term compacts focus primarily on economic growth and private sector development, rather than political reform, the goal is to continue providing incentives for political reform through annual scorecards and bench-

marks. The 17 indicators used in the annual country scorecards include six indicators under the objective of “Ruling Justly” – the Freedom House scores for civil liberties and political rights along with World Bank Institute indicators for corruption, rule of law, government effectiveness, and voice and accountability. In theory, the use of such indicators provides an incentive for countries to make progress on political reforms in order to receive valuable economic assistance.

MCC Funds, Requested vs Granted, FY04 - FY11



tors in three categories: Ruling Justly, Investing in People and Economic Freedom. The MCC then awards multiyear compacts to those countries deemed eligible based upon performance on the 17 indicators and opportunities for reducing poverty and stimulating economic growth.

In addition, countries may earn eligibility for the MCC Threshold Program, designed to assist candidates on the “threshold” of MCA eligibility for longer-term compact aid agreements. Through the threshold program, countries may be awarded smaller, shorter-term grants than those awarded through MCC compacts. The assistance provided through threshold agreements typically focuses more on political reform efforts that enable countries to make improvements on specific indicators that are preventing them from being eligible for an MCC compact.

Although the programs funded through the

However, MCC has drawn criticism in some quarters for granting compacts to countries with very low performance in areas of democratic reform. Freedom House has called for a strict requirement disqualifying any country scoring worse than a 4 (on a 1 to 7 scale) on the Freedom House ratings for political rights and civil liberties from receiving an MCC compact.¹⁷ Unofficially, this rule seems to be adhered to for most countries, with the notable exception of those in the Middle East. The three Arab countries that have had MCC agreements – Jordan, Morocco, and Yemen – have consistently had failing, below-median scores on both of these indicators.

Another common criticism of MCC, particularly from members of Congress, has been that the Bush administration was perceived to have broken its promise that MCC assistance would be an additive program that does not draw funds away from existing USAID programs. Many commentators believe that

¹⁷ “Millennium Challenge Corporation Should Hold Countries to Higher Standards of Democratic Governance,” Freedom House press release, Nov 2, 2006.

bilateral aid to some MCC recipients declined as a result of MCC compact funding.¹⁸ The status of MCC agreements with Jordan and Morocco are described further below in the subsections for each of those countries.

Although Congress had been critical of MCC and had granted funding at well below the requested levels from FY05 through FY09, in FY10 Congress granted a sizable increase. The Obama administration's demonstrated support seems to have improved MCC's standing within the Democrat-controlled Congress. For FY11, it appears likely that Congress will maintain, if not increase, MCC's level of funding from its current level of \$1.105 billion. However, some have expressed concern that a program as large as MCC may be a target for cuts¹⁹ – particularly if the economy and fiscal climate remain weak.

III. Near East Regional Democracy Program

The Near East Regional Democracy (NERD) program was established in March 2009, as a new program to support democracy and human rights in the region, particularly in Iran. It includes a strong focus on support for media, technology, and Internet freedom. The establishment of the NERD program is widely viewed as a recognition by the Obama administration of the need to support democratic reformers in Iran, while at the same time reacting to criticisms of the Bush administration's specific approach in this regard. Funding under the NERD heading is not required to be spent in Iran or any other specific country, giving the administration greater flexibility in programming the funds.

For FY11, President Obama requests \$40 million for the NERD program, holding steady at the level requested and granted in FY10. The majority of funding for this program continues to support civil society – in its first year (FY09), \$14.9 million of the

\$25 million allocated for this program was designated to support civil society. The civil society category includes support for access to information. For both FY10 and FY11, \$25 million of the \$40 million requested has been designated for civil society, with \$5 million allocated for each of the three remaining GJD program areas. In FY10, Congress included a specific earmark of \$10 million of the \$40 million in NERD funds under the "Internet Access and Freedom" heading. Globally, this initiative identifies China and Iran as priority countries for such efforts, with the NERD allocation providing the main funding to support Internet freedom in Iran.

The NERD program was established in the FY09 Consolidated Appropriations Act passed in March 2009. It had not been included in any of the budget requests from the Bush administration, including that for FY09, and it appears to have been developed by the incoming transition team for the Obama administration in conjunction with the congressional appropriations committees. The program has essentially replaced funding designated for Iran as Economic Support Funds (ESF) under the Bush administration.

The decision by the Obama administration not to specifically allocate or earmark any funding for Iran has a few potential advantages. First, it allows the administration flexibility to react to changes on the ground in Iran. If programs are deemed ineffective or counterproductive, those funds can easily be reprogrammed to support democracy in other countries of the region. In addition, it allows the administration to fund programming, such as conferences that educate and train NGO employees, that includes participants from numerous countries, not only Iran. Some argue that the presence of participants from countries that are U.S. allies may ease suspicions that such programs are veiled attempts at regime change.

¹⁸ See, e.g. "U.S. Foreign Assistance under the Microscope at Senate Hearing," Office of Senator Robert Menendez (D-NJ), June 12, 2007. Congressman Adam Schiff (D-CA) has also raised this concern with regard to the significant reduction in USAID funds requested for Armenia in FY08, following the establishment of a MCC compact with Armenia.

¹⁹ James Roberts, "Foreign Aid: Congress Should Shift USAID Funds to the Millennium Challenge Account," Heritage Foundation, August 4, 2009.

On the other hand, several Republican members of Congress have expressed concern that the lack of an earmark for democracy and governance specifically in Iran may signal a lack of support. The Senate version of the FY10 appropriations bill for State and Foreign Operations included an earmark requiring all \$40 million under the NERD designation to be spent on Iran democracy programs, but the final omnibus version passed in December included no such provision. It appears that the Democrat-controlled Congress will most likely grant the President's full request of \$40 million for FY11. An earmark requiring the funds to be spent in Iran is unlikely to pass in the final version of the FY11 bill. Funds may once again be earmarked by Congress for Internet freedom, but the administration is likely to spend a significant portion of NERD program funds on this objective, whether required by Congress or not.

IV. Bureau of Democracy, Human Rights, and Labor at the Department of State

The Bureau of Democracy, Human Rights, and Labor (DRL) is the State Department's functional bureau designated with supporting democracy and human rights worldwide. DRL is an essential component of the Obama administration's support for democracy, including the administration's focus on Internet freedom. Within the Middle East, DRL has played a leading role in implementing democracy and governance programming in Iraq, and it focuses much of its work on the most closed societies in the region, often filling a need in countries where USAID may be less active on democracy issues. In the past year, DRL has increased its Egypt programming to compensate for sharp cuts to USAID's funding for democracy and governance in Egypt.

In President Obama's FY11 budget request, the Foreign Operations line item for DRL is \$70 million, which is identical to the level of funds requested and granted in FY10. Within this amount, there is a requested shift in funds from Civil Society (\$24 million requested, down from \$34.75 million in FY10)

to the Rule of Law and Human Rights (\$38.25 million requested, up from \$27.5 million in FY10) program area. The amounts designated for Political Competition and Consensus Building (\$7 million) and Good Governance (\$750 thousand) remain unchanged from the levels requested and granted in FY10 and in previous years.

In addition, DRL also receives funding for its operational expenses through an account in the Department of State Operations portion of the bill, for which \$23.7 million is requested, a 9% increase from the \$21.8 million granted in FY10. The CBJ also indicates that this increase in funding will allow the bureau to expand the size of its staff from 118 to 137. Because DRL uses its staff and resources to assist in programming some funds appropriated bilaterally and through other accounts, DRL's own budget allocations should not be viewed as covering all of the bureau's activities. In terms of the size relative to other programs, the total requested funding for DRL's programming and operational expenses worldwide is approximately \$93 million. For the sake of comparison, the budget requests \$86 million for MEPI, which operates only in the Near East region. And USAID funding greatly exceeds either of these amounts, with approximately \$400 million in democracy and governance funding requested to be delivered through USAID in the Near East alone.

The State Department describes DRL as the "lead bureau in the broad effort to support human rights and democracy worldwide." Perhaps best known for producing the department's annual Country Reports on Human Rights Practices, DRL has gradually increased its capacity for both supporting the democracy and human rights work of other bureaus within the State Department and USAID as well as administering its own programming. DRL programs focus especially on providing support through small, short-term grants for NGOs and civil society organizations to support democracy and human rights.

DRL places particular focus on “priority countries where egregious human rights violations occur, [and] where democracy and human rights advocates are under pressure.” DRL works with USAID and its efforts include support for “innovative” programming for democracy and human rights by American NGOs to respond to unexpected developments such as political crises and sudden crackdowns against human rights activists, including through the Global Human Rights Defenders Emergency Fund, which disburses emergency financial assistance to human rights defenders and their families when targeted by repressive regimes. For FY11, the CBJ identifies China as a priority country for DRL, and also declares a commitment to programming in “countries with significant Muslim populations.”

DRL’s programming is generally seen as more adaptive and more capable of reacting to changing circumstances and political developments than similar programs for distributing funds through USAID because DRL provides shorter-term project support not linked to country-level development objectives. DRL’s mission allows it to focus on democracy and governance issues, as opposed to both USAID and NEA, which must interact with the host government bilaterally on a range of issues. In this sense, DRL can be seen as playing the same kind of role for the State Department as a whole that MEPI seeks to play within the Bureau for Near Eastern Affairs; maintaining a consistent focus on democracy and human rights concerns. In addition, DRL operates across the region and much of its funding is not earmarked for specific countries, allowing it greater flexibility in programming than USAID.

DRL’s work has often focused on supporting democracy in challenging countries, including those where USAID has little or no on-the-ground presence and where a strong, historical assistance relationship is lacking. Such work in recent years has included support for independent media and judiciary in Libya, such as exchange programs that bring Libyan journalists, lawyers, and judges to

the United States to witness American institutions and study the importance of judicial and media independence. In Syria, DRL assisted with efforts to promote religious freedom and interfaith dialogue and to provide Arabic-language materials on human rights and the rule of law to Syrian universities. In Tunisia, DRL provided support for a program to bring American law professors to teach as guest professors at Tunisian universities, as part of an effort to promote judicial competence, transparency, and independence.

Congress originally created DRL and has traditionally been extremely supportive of its role within the State Department, which has steadily increased over the years since its establishment. Its funding is noncontroversial on Capitol Hill, with the amount requested in the annual budget normally granted in full.

V. USAID Bureau for Democracy, Conflict, and Humanitarian Assistance

Although funding for democracy and governance programming through MEPI and DRL are steadily increasing, the majority of nonmilitary assistance to the Middle East remains distributed through USAID. This level is at approximately \$400 million in the FY11 budget, as compared with approximately \$53 million in democracy and governance funding requested through MEPI, and \$70 million requested for DRL’s democracy fund worldwide. Within USAID, the Office of Democracy and Governance, housed within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), offers support to USAID country missions, regional bureaus, and U.S. embassies for programs to advance democracy, governance, and human rights; nearly all of USAID’s programs, however, are funded through bilateral assistance budgets, discussed in the country sections below.

The overall request for FY11 for DCHA’s foreign assistance work worldwide is \$2.42 billion, holding steady from the FY10 funding

of \$2.40 billion. However, the portion of the DCHA budget designated for the GJD objective is down 27%, from \$82.4 million to \$59.8 million. Within this amount, the funding for the Political Competition and Consensus Building program area is cut most sharply, from \$35.5 million to \$20.8 million.

The stated mission of DCHA at USAID is “to save lives; alleviate suffering; support democracy; and promote opportunities for people adversely affected by poverty, conflict, natural disasters and a breakdown of good governance.” While the majority of funding administered by this bureau is for Humanitarian Assistance, DCHA also houses the USAID Office of Democracy and Governance. This office does administer some democracy programming, but more of its work is in providing key support to USAID country missions on their democracy and governance programming.

As mentioned in the MEPI section above, USAID funding for civil society has been sharply reduced by the Obama administration. This has largely been counteracted by the increase in funding for civil society through MEPI. DCHA programming for GJD in FY11 will continue to focus on preventing fragile democracies from reversing recent progress on political reforms. The USAID Office of Democracy and Governance provides assistance for a variety of programs in nearly every country in the region, not only supporting bilateral GJD programs, but also working closely with initiatives such as MEPI as well as MCC’s threshold programs in Jordan.

VI. National Endowment for Democracy

The National Endowment for Democracy (NED) is a nongovernmental institution that was originally created by Congress and receives nearly all of its funding in an annual congressional appropriation. Although the

NED’s programming has attracted some criticism and controversy over the years, it now enjoys bipartisan support from both the Congress and the administration.

The President’s budget requests \$105 million for the NED in FY11. For four consecutive years, from FY06 to FY09, the President’s budget request for the NED had remained constant at \$80 million, before increasing to \$100 million in FY10. Congress, however, has exceeded the President’s request the past three years, granting \$99.2 million in FY08 and \$115 million in FY09 and FY10.

The NED was created in 1983 by Congress to strengthen democratic institutions around the world through nongovernmental efforts and now has a presence in more than 100 countries. The institution has recently identified five primary strategic priorities: opening political space in authoritarian countries; aiding democrats and democratic processes in semi-authoritarian countries; helping new democracies succeed; building democracy after conflict; and aiding democracy in the Muslim world.²⁰

The NED has ongoing programs in nearly every country of the Middle East. These include: efforts to support journalists and independent media in Jordan, Morocco, Yemen, and Tunisia; programs to encourage electoral participation by political activists followed by election monitoring and post-election assessment in Egypt, Lebanon, and Kuwait; and activities to build and train civil society organizations and provide opportunities for building networks among political activists in closed political environments like Libya, Syria, Iran, and Saudi Arabia. Some argue that the NED is a more suitable institution for U.S. democracy promotion efforts than agencies within the Department of State, as it is less likely to instrumentalize democracy promotion in the pursuit of other U.S. policy goals.²¹

²⁰ National Endowment for Democracy, “Strategy Document, January 2007.”

²¹ Michael A. Cohen and Maria Figueroa K p c , “Revitalizing U.S. Democracy Promotion: A Comprehensive Plan for Reform,” New American Foundation and Georgetown Law’s Human Rights Institute, April 2009.

In some sense, the NED's relationships with the administration and with Congress are the reverse of the other multi-country programs discussed here: in recent years Congress has consistently been more supportive of funding for the NED than the executive branch, by granting funds in excess of the administration's annual budget request. The administration's increase in its request to \$105 million for the NED appears to be in response to the congressional actions to grant funds in excess of the recent annual requests. It seems likely that Congress may nonetheless exceed this request for FY11.

VII. Multilateral International Organizations

The U.S. has long been an important donor to a wide variety of multilateral international organizations, and President Obama has emphasized the importance of such institutions and the role of the United States in those institutions. This includes numerous United Nations agencies, such as UNICEF, UNDP, UNESCO, the UN Children's Fund, the UN Population Fund, and the UN Development Fund for Women (UNIFEM). Other organizations supported under this budget heading include groups like the Organization of American States (OAS), the International Maritime Organization, and the International Development Law Organization (IDLO). In terms of support for Middle East democracy, the most relevant institution would be the United Nations Democracy Fund (UNDEF).

Overall funding for multilateral international organizations has essentially held steady in the President's request, at \$350.6 million – down only very slightly from last year's request of \$356.6 million. However, \$390 million was ultimately granted for such programs in FY10, so the current request would represent a 10% reduction. Within this amount, \$15.4 million is requested for GJD programs, down from \$24.4 million requested in FY10. Much of this reduction is in the \$5 million requested for the United Nations Democracy Fund, for which \$14 million was requested in FY10.

UNDEF was established by the UN Secretary-General in 2005 to complement existing UN efforts to promote democracy. In particular, UNDEF focuses on supporting the interface between civil society and the official government institutions of democracy (e.g. election commissions, parliaments, provincial and local councils, judiciaries, national human rights commissions, central and local governments). Civic education, voter registration, and improving access to information are key goals of the program. The U.S. began providing funds to UNDEF through appropriations for foreign operations in FY09.

Funding for multilateral international organizations has generally been relatively non-controversial and Congress has most often acceded to the President's request for this heading. There is no specific reason to expect Congress to grant less than requested for FY11, unless fiscal pressures force Congress to find large accounts that can be trimmed. In that case it would be up to the discretion of the administration how those cuts would be distributed among the many organizations funded under this budget heading.

VII. Internet Access and Freedom

One area of focus for the Obama administration's efforts to support democracy, governance, and human rights worldwide has been in providing support for Internet freedom. In January 2010, Secretary Clinton gave a high profile speech focused on this area, in which she discussed the role of the Internet and technology in ensuring Roosevelt's four freedoms: freedom of expression, freedom of worship, freedom from want, and freedom from fear. To these, she also added the "freedom to connect," which she defined as "the idea that governments should not prevent people from connecting to the Internet, to websites, or to each other. The freedom to connect is like the freedom of assembly, only in cyberspace."

The FY10 Consolidated Appropriations Act passed by Congress in December 2009 includes \$30 million earmarked under the "In-

ternet Access and Freedom" heading, which aims "to expand unmonitored, uncensored access to the Internet for large numbers of users living in closed societies that have acutely hostile Internet environments, including in the People's Republic of China and in Iran." Of this amount, \$10 million is to be programmed by the State Department's DRL Bureau, and another \$10 million by the Iran-focused NERD program. This \$30 million represents a significant increase in State Department funding specifically allocated for supporting Internet freedom. Approximately \$20 million was allocated in this manner over two years in FY08 and FY09 combined. The FY11 request does not include specific headings for Internet access and freedom, but all signs point to this focus being maintained with an equal or greater level of funding in FY11.

In her January speech on Internet freedom, Secretary Clinton declared that the State Department is currently "working in more than 40 countries to help individuals silenced by oppressive governments." While the U.S. government's Internet freedom initiatives confront these issues in countries around the world, the Near East region does appear to be a particular focus of these efforts. Secretary Clinton's speech cited examples of bloggers and online activists jailed in Egypt and Saudi Arabia, as well as the harsh online censorship faced in Tunisia and the important role of technology in the demonstrations that followed the Iranian elections last June.

U.S. government programs under this heading include efforts to develop technological tools that allow private citizens to express themselves freely by circumventing politically motivated censorship. This includes efforts to translate and adapt existing tech-

nology for computers and mobile phones into languages and to fit the local contexts of various countries where such censorship is prevalent. The U.S. government also provides training for online activists and bloggers to help increase their access to information and to help keep them safe from government repression. In addition, programming aims to build online communities of private citizens, organizations and enterprises, and to help establish robust privacy policies within those communities.

In addition, Secretary Clinton committed the State Department to "reinvigorating the Global Internet Freedom Task Force as a forum for addressing threats to internet freedom around the world." This task force was originally established by then-Secretary of State Condoleezza Rice in February 2006 to lead the State Department's coordination on these issues with other government agencies, private internet and technology companies, nongovernmental organizations, academic researchers, and other stakeholders.

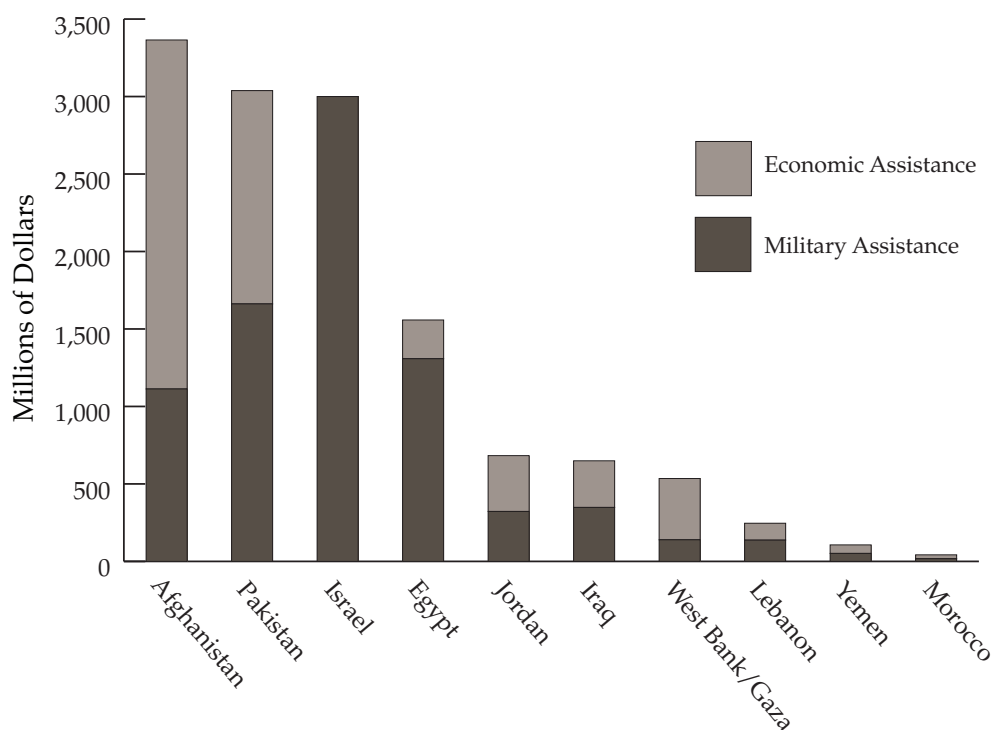
Congress is extremely supportive of the administration's focus on Internet freedom, and in March 2010 a new bipartisan U.S. Senate Caucus on Internet Freedom was launched by co-chairs Senator Ted Kaufman (D-DE) and Senator Sam Brownback (R-KS). This new caucus aims to "secure digital freedoms throughout the world" by drawing attention to Internet freedom issues, highlighting attempts by foreign governments to restrict internet access, and promoting efforts to evade internet restrictions. Congress is expected to again earmark funds in FY11 under the "Internet Access and Freedom" heading, most likely at or above the \$30 million level of FY10.

A Closer Look: *Bilateral Assistance in the FY11 Request by Country*

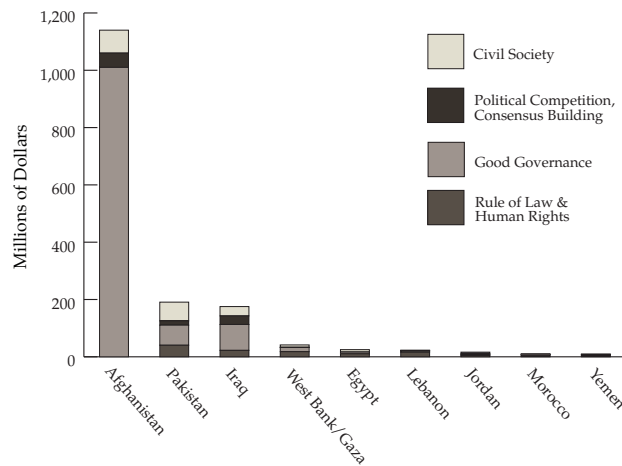
While the programs examined in the previous sections receive much attention for their work on democracy and governance in the region, the majority of funding for democracy programs in the region is provided through bilateral assistance, administered by USAID. Seven countries in the Middle East have USAID missions and programs: Egypt, Iraq, Jordan, Lebanon, Morocco, West Bank and Gaza, and Yemen. As compared with the total funding granted in FY 2010, the President's FY 2011 budget requests relatively modest increases in overall assistance to Morocco and the West Bank and Gaza, with quite a large increase in aid to Yemen. Meanwhile, the overall level of assistance to Egypt, Jordan, and Lebanon remains relatively constant. Only Iraq sees a sizable decrease in its level of foreign aid in the FY11 request.

The funds specifically designated within the Governing Justly and Democratically (GJD) strategic objective are increased for Lebanon, Morocco, and the West Bank and Gaza. The request for democracy and governance assistance in Egypt and Yemen remains stable from FY10. GJD funding for Jordan is reduced modestly in the request. GJD funding along with overall funding for Iraq is sharply reduced as the U.S. draws down its presence in the country. Each of these seven countries will now be examined individually, preceded by very brief overviews of funding for Afghanistan and Pakistan. Although the primary focus of this report is the Near East region, it is worth examining very briefly these two countries outside the region that are focal points of the Obama administration and that have a clear impact on the Middle East.

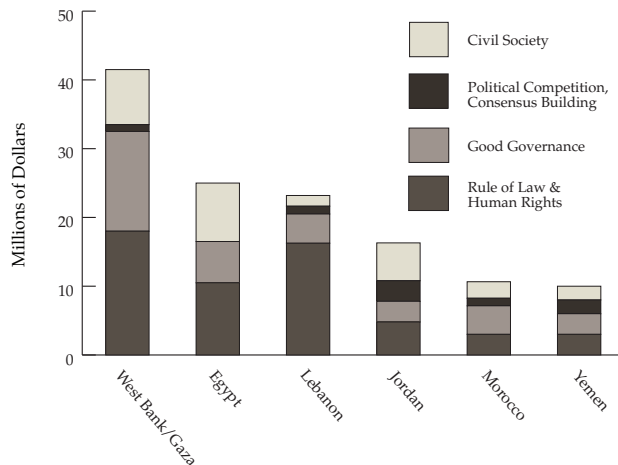
FY2011 Request for Economic and Military Assistance



**FY2011 Request for Governing Justly and Democratically (GJD)
By Country and Program Area**



**FY2011 Request for Governing Justly and Democratically (GJD) by Country
and Program Area: Omitting Afghanistan, Iraq, Pakistan**



Afghanistan

President Obama has quite clearly made stabilization and development in Afghanistan a centerpiece of his foreign policy, and his foreign assistance budget openly reflects that priority. Furthermore, support for Afghan governing institutions is clearly a major component of the administration's strategy for the country. In the wake of last year's flawed

Afghan Presidential elections, there is serious concern for perceptions of the legitimacy of the Karzai government, accompanied by concern for the parliamentary elections now scheduled for September 2010.

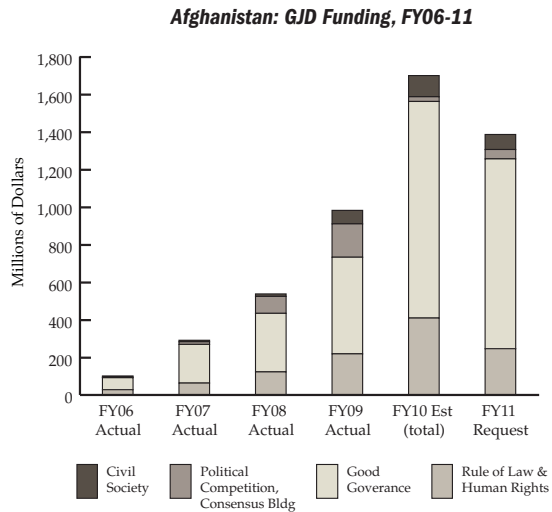
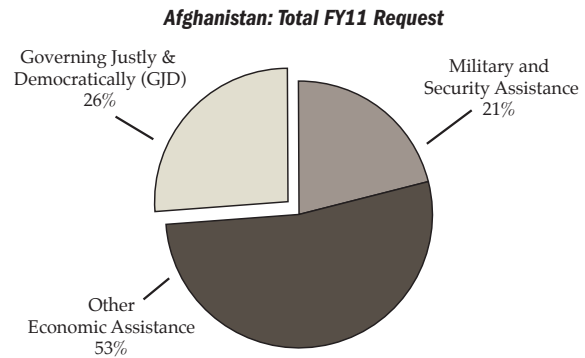
The FY11 budget includes \$3.92 billion in assistance for Afghanistan, which would make Afghanistan the largest recipient of U.S. foreign assistance for 2011.²² This is a 50% increase over the \$2.62 billion granted for

²² Israel and Pakistan are expected to be the next two highest recipients of foreign aid, with \$3.0 billion in total assistance requested for each.

Afghanistan through the annual appropriations process for FY10, although it should be noted that the Obama administration has also requested an additional \$1.78 billion in aid to Afghanistan in its request for a FY10 emergency supplemental bill, which would bring Afghanistan up to a FY10 total of \$4.4 billion.

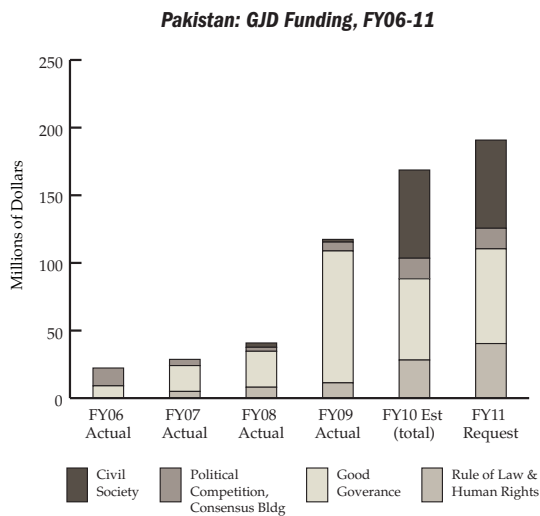
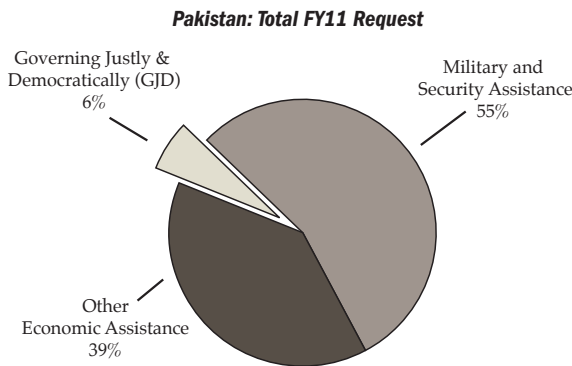
The \$3.92 billion requested for FY11 includes \$1.39 billion for the Governing Justly and Democratically objective, nearly double the \$717 million in democracy and governance funding granted in FY10. As in FY10, this is the largest amount allocated to support democracy and governance in any country, by a large margin. To put this in perspective, the FY11 budget requests \$401 million in democracy and governance funding for the eighteen countries of the Near East region, less than one-third the amount designated for Afghanistan. The majority of this funding – \$1.01 billion – is allocated for good governance programs, up from \$392.6 million allocated in FY10. This reflects a perceived urgency on the part of the administration to support governing institutions in Afghanistan. Funding for civil society, which had been drastically increased in FY10, is now reduced by 29% to \$80 million.

Some in the foreign policy community have commented that the administration’s democracy and governance focus in Afghanistan has shifted more toward governance issues and away from political competition or elections. In the wake of last year’s presidential and parliamentary elections, widely perceived to be severely flawed, some observers are disappointed not to see more emphasis on improving electoral institutions. This is particularly important in light of the coming Afghan parliamentary elections, originally scheduled for May 2010 but postponed to September for security reasons. Congress has up until now been supportive of the administration’s approach to Afghanistan while indicating that such support will not be open-ended if progress on the security and development are lacking.



Pakistan

Along with Afghanistan, Pakistan is clearly a top priority of the Obama administration, and these two countries are the top two recipients of U.S. foreign assistance under the FY11 budget request. The administration views support for stability and development in the two countries as inextricably linked. In both countries, the majority of assistance is in the military and security sectors. Pakistan witnessed a large increase in U.S. assistance in FY09 and FY10, including a large increase in funding to support democracy and governance. The new budget includes drastic increases in military assistance once again, along with modest increases in democracy and governance funding.



The overall FY11 funding request for assistance to Pakistan is \$3.05 billion, which would double the \$1.46 billion granted for FY10 through the annual appropriations process. Like Afghanistan, the majority of the increase in funding is designated for military and security assistance, for which \$1.66 billion is requested, a more than fourfold increase over the \$393 million allocated in FY10.

Regarding democracy and governance, the FY11 budget requests \$190.8 million, matching the Obama administration's FY10 request one year ago. However, the level of funding actually allocated for GJD in FY10 was significantly lower – merely \$164.6 million. Therefore, if the request is fully granted in FY11, it would represent a 16% increase in GJD funding over current FY10 levels.

Within the GJD objective, the FY11 request preserves the major shifts in the FY10 allocation of funds. The budget requests the same levels of funding for all four GJD program areas as was requested in FY10. The Rule of Law and Human Rights program area received \$24.2 million in FY10, \$15 million short of the \$39.3 million requested, so the \$40.4 million requested in FY11 will represent a large increase if granted in full.

This increased emphasis on support for Pakistan's fragile democratically-elected government has broad support in Congress and beyond. Before entering the White House, then-Senator Joe Biden proposed tripling non-military assistance to \$1.5 billion as part of a multiyear \$7 billion assistance agreement. Biden also called for an additional \$1 billion "democracy dividend" to "jumpstart" the new, democratically-elected Pakistani government. The FY11 budget includes \$1.38 billion in non-military assistance to Pakistan, only 8% less than the \$1.5 billion proposed by then-Senator Biden in early 2008. All signs point to full support from Congress for the President's budget request for Pakistan.

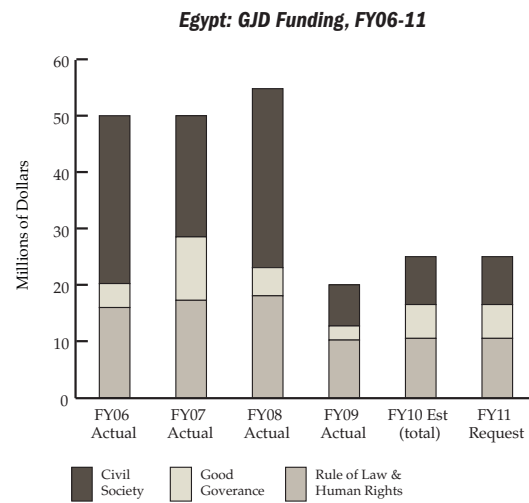
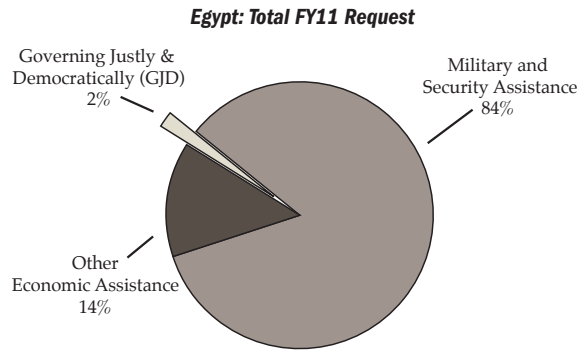
Egypt

The Obama administration's approach to U.S. assistance to Egypt over the past year has attracted much criticism in both Cairo and Washington, particularly on questions of democracy and human rights. In the new budget, the levels of overall economic assistance and funding for democracy and governance remain at levels sharply reduced in March 2009. The FY11 budget also reinforces the disproportionate cuts in funding for civil society, despite the findings of an October 2009 USAID audit that the most successful portion of USAID's democracy and governance funding in Egypt had been the direct grants for civil society. A controversial 2009 decision by the administration to provide bilateral funding only to those organizations officially registered and approved as NGOs by the Egyptian government remains in place. Finally, the administration is now exploring the

establishment of an “endowment” proposed by the Egyptian government, which could potentially remove Congressional oversight over future U.S. economic aid.

Overall assistance to Egypt in the President’s request remains constant from FY10, at \$1.56 billion. This includes \$1.3 billion in Foreign Military Financing (FMF) military assistance and \$250 million in Economic Support Fund (ESF) civilian aid, both held constant from FY09 and FY10. The funding designated for democracy and governance is held steady at \$25 million, as required by Congress in FY10. In that year, the administration had requested only \$20 million in GJD funding, but Congress included an earmark in the 2010 Consolidated Appropriations Act declaring that “not less than \$25 million shall be made available for democracy, human rights, and governance programs.” Although the FY11 GJD request accedes to this \$5 million increase required by Congress, \$25 million remains only half of the amount spent on such programs annually in FY06 through FY08. It is also only half of the Bush administration’s final GJD request for FY09, which was itself out of a \$200 million request for ESF that year (whereas \$250 million in ESF was ultimately granted).

The breakdown of the democracy and governance funding by program area also remains constant from FY10, with \$10.5 million for Rule of Law and Human Rights programming, \$6 million for Good Governance and anticorruption programs, and \$8.5 million to support Egyptian Civil Society. This includes \$4.6 million in direct grants to civil society organizations, with the remaining \$3.9 million under the “civil society” heading designated for a media development program run in conjunction with the Egyptian Ministry of Communications and Information Technology. The \$8.5 million designated under the civil society heading represents a decrease of more than 73% from the \$31.8 million allocated for civil society in FY08 (of which \$27.85 million was



given in direct grants to civil society organizations, with the remaining \$3.95 million for the aforementioned media program). This sharp decrease has been viewed by many as signaling a decreased commitment to support Egyptian civil society by the Obama administration.

The severe reductions in funding for Egyptian civil society are particularly troubling in light of the October 2009 report²³ by the USAID Office of the Inspector General assessing USAID’s democracy and governance programming in Egypt. While the report focused largely on the limited effectiveness of these programs and cited the lack of cooperation of the Egyptian government as a

²³ U.S. Agency for International Development, Office of the Inspector General. “Audit of USAID/Egypt’s Democracy and Governance Activities.” Audit Report No. 6-263-10-001-P, October 27, 2009.

major reason for this, it did also conclude that “USAID/Egypt’s Office of Democracy and Governance achieved its greatest success in its civil society direct grants program.”

The administration has suggested that Egypt lacks the capacity to properly absorb the level of democracy and governance funding allocated in FY06 through FY08, motivating the sharp decrease since FY09. If West Bank and Gaza and Lebanon – each with populations of less than 5 million – can properly absorb \$41.5 million and \$23.2 million respectively in democracy and governance funding, then it appears unlikely that Egypt – a country of 80 million people with more than 15,000 NGOs – cannot absorb more than \$25 million in such funding.

At least as controversial as the March 2009 decision to sharply reduce funding for Egyptian civil society was the decision to no longer provide bilateral funds directly to organizations that are not officially registered as NGOs with the Egyptian government. Many Egyptian civil society groups, however, choose not to register as an NGO for fear of heavy-handed government interference; they instead register as a civil corporation, opting to forgo tax-exempt status in order to be free of governmental regulation and interference. Many other organizations do try to register with the Egyptian government, but do not receive approval.

Making funds available only to those groups that do receive Egyptian government approval for their NGO registration essentially gives the Egyptian regime veto power over the recipients of its civil society direct grants. Many observers, including congressional staff, view this change in policy as contradicting the language of the annual appropriations act stating that, “With respect to the provision of assistance for democracy, human rights and governance activities, the organizations implementing such assistance and the specific nature of that assistance shall not be subject to the prior approval by the government of any foreign country.” While State Department attorneys have deemed

this policy decision to be in compliance with the letter of the appropriations legislation, it certainly does appear to violate the spirit and the intent of this language.

The administration has frequently defended this decision by noting that funding for unregistered NGOs was not discontinued entirely, but merely transferred from USAID to DRL and MEPI. While it is true that DRL and MEPI did each begin funding unregistered civil society groups in FY09, this accounted for approximately \$3 million in such funding, whereas USAID had been providing \$10 million to unregistered groups as recently as FY08. It should be noted that the majority of funding to unregistered groups as of FY08 was given to international organizations working in Egypt that were not registered as NGOs with the Egyptian government. According to USAID, approximately \$925 thousand was given in direct grants to indigenous unregistered Egyptian organizations annually as of FY08, and this amount has not changed significantly in FY09 or FY10. This implies that just over \$9 million had been allotted in FY08 to international organizations for democracy and governance programming in Egypt – groups like the National Democratic Institute for International Affairs (NDI), the International Republican Institute (IRI), the International Foundation for Electoral Systems (IFES), and Counterpart International. It appears that the amount given in direct grants to these organizations has been reduced to less than \$2 million. Furthermore, much of the funding given by USAID to these unregistered international organizations was passed on to local Egyptian partner organizations in the form of subgrants.

On top of the 74% reduction in the level of funding for unregistered organizations in Egypt, the policy decision to discontinue all USAID funding for such organizations has also been of critical symbolic importance, perceived by Egyptian democracy activists as signaling a lack of support, and by the Egyptian government as legitimizing its right to control which organizations receive foreign

funding, notwithstanding U.S. legislation to the contrary. In addition, this policy decision has apparently sent dangerous signals beyond Egypt, as senior administration officials have noted that other countries have approached the U.S. government in the past year asking for the same arrangement given to Egypt, to prevent U.S. funding of independent civil society organizations.

This decision in Egypt looms even larger in light of a bill drafted by the Egyptian Ministry of Social Solidarity that threatens to severely restrict the existence of independent NGOs in Egypt²⁴ – if this policy decision is widely interpreted as legitimizing the Egyptian government’s authority to approve NGOs, it may have encouraged the regime to push for this law that could eliminate independent NGOs entirely. Administration officials have acknowledged that if this draft law is passed by the Egyptian parliament, it could have the effect of forbidding direct aid by USAID to any Egyptian civil society organizations – precisely the type of democracy and governance aid deemed most productive in the October 2009 USAID audit.

Finally, the FY11 Congressional Budget Justification acknowledges that the administration “is considering a proposal for a bilateral endowment and we are working...in consultation with Congress, to develop a vision for it.” The Egyptian government had proposed such an endowment for several years, with the intent of removing congressional control and oversight over U.S. economic assistance to Egypt. The idea is that the U.S. government would deposit funds into the endowment over a period of years, after which the Egyptian government would be able to draw on the fund without the uncertainty of congressional appropriations. In December 2009, the Consolidated Appropriations Act for Fiscal Year 2010 was passed containing the language,

“Of the funds appropriated by this Act under the heading ‘Economic Support Fund’ for assistance for Egypt, up to \$50,000,000 may be made available for an endowment to further the shared interests of the United States and Egypt, consistent with the purposes and requirements for which such funds are requested in the fiscal year 2010 congressional budget justification materials and appropriated under such heading: *Provided*, That the Secretary of State shall consult with the Committees on Appropriations on the establishment of such an endowment, and any funds to be used for such an endowment shall be subject to the regular notification procedures of the Committees on Appropriations.”

It is in many respects surprising that the Congress would include language in its appropriations act that essentially aims to surrender congressional control over a significant portion of economic aid to Egypt. Because the Egyptian regime has long faced more criticism from Congress than from the U.S. executive branch, particularly on issues of democracy and human rights, the Egyptian government would like to set up a fund that it could draw on in the future without the oversight of Congress. Critics of this approach quickly deemed the proposed endowment the “Mubarak trust fund.”²⁵ Since the passage of the omnibus appropriations bill in December 2009, the administration has carried out negotiations with the Egyptian government on the details of a potential endowment. Although Congress has given the administration the authority to establish an endowment during FY10 and with ESF funds, it now appears likely that the administration intends to wait until FY11 to set up the fund. Administration officials have asserted that such an endowment would not be established without proper oversight mechanisms and conditions on the Egyptian government, including possible conditions related to reform measures. Supporters of Egyptian democracy fear that even if the fund is established with the best of intentions, over time the Egyptian regime may be

²⁴ Issandr El Amrani, “Egyptian Civil Society at Risk,” *Foreign Policy*, March 18, 2010

²⁵ Gregg Carlstrom, “A Trust Fund for the Mubaraks,” *The Majlis*, December 18, 2009.

able to manipulate the terms of the endowment to its liking.

Although Congress is expected to grant the overall level of assistance requested for Egypt, two key questions remain. First, will Congress again allocate funds for a controversial endowment that aims to lessen the role of Congress in the future of economic aid to Egypt? And secondly, at what level will Congress earmark funding for democracy and governance programming in Egypt? In addition, it is possible that Congress could include language in the appropriations bills to ensure support for Egyptian civil society organizations and to support the upcoming elections in Egypt. Conditioning some portion of the U.S. military assistance to Egypt on reform measures, a centerpiece of congressional debates on Egypt from FY05 through FY08, no longer appears likely. Advocates of this approach were successful in including such language in the FY08 appropriations bill, only to see the conditions promptly waived by the Secretary of State. This experience, along with the change of U.S. administration, appears to have diminished support for this approach within Congress.

Iraq

President Obama made his commitment to withdraw U.S. combat forces from Iraq a centerpiece of his 2008 campaign, and he is now in the process of withdrawing troops as planned. As American troop levels are scaled down throughout FY11, the annual budget request includes a drastic increase in military and security assistance to the Iraqi government, accompanied by a decrease in democracy and governance funding for Iraq. This is in part because some of the organizations implementing democracy promotion are scaling down their presence in line with the U.S. military. Some observers, however, have argued that the governing institutions of Iraq's fragile democracy are in need of

increased support as international forces withdraw from the country.

The FY11 request of \$729.3 million in total U.S. assistance to Iraq represents a 46% increase over the FY10 request of \$500 million. It does, however, include a sharp shift in funding from civilian economic aid to military and security assistance. Whereas military and security assistance was only 16% of the FY10 budget request for Iraq, it is now 48% of the FY11 request.²⁶

The administration has asked for \$175.3 million for democracy and governance programming in Iraq, a 47% cut from the \$326.5 million allocated in FY10. Moreover, \$175.3 million represents only 24% of the \$729.3 million total request for Iraq. This share of overall assistance for democracy and governance programs is drastically decreased from 66% in the FY10 request. This reflects, on one hand, a move to decrease funding for Iraq's governing institutions to prepare to fully cede Iraq's governance to the Iraqis, and on the other hand, an effort to bolster the Iraqi security forces and military as the U.S. military presence begins to abate. Funding for GJD programs is cut across the board, with programming for Civil Society (cut from \$85.5 million down to \$32.5 million) and Rule of Law and Human Rights (cut from \$73.5 million down to merely \$22.5 million) reduced most sharply.

GJD funding for Iraq in FY10 will focus on improving the accountability and responsiveness of democratic institutions, with a particular focus on the provincial governments elected in January 2009. Another focus of U.S. assistance programs will be on reforming and building the capacity of Iraq's criminal justice sector as all U.S.-constructed prisons are turned over to Iraqi control by January 2010. This will include large-scale programs for training judges and investigators and improving accountability and anti-corruption efforts.

²⁶ It should be noted that this does not include U.S. Department of Defense expenditures in Iraq, which constitute the overwhelming majority of military and security expenditures in Iraq including DoD programs to train the Iraqi military.

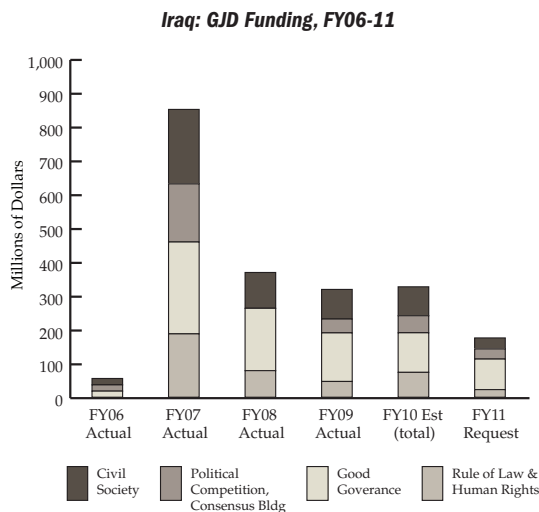
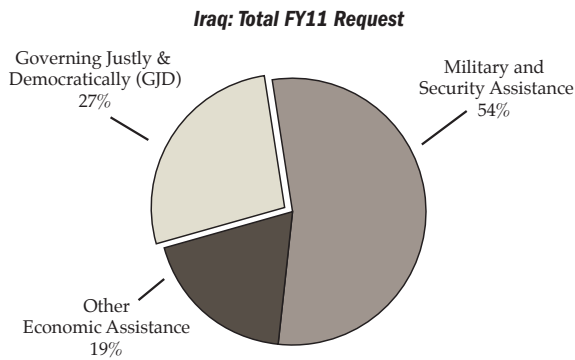
Jordan

Over the past year, Jordan's political system has experienced turmoil, as King Abdullah chose to dissolve the Jordanian parliament in November 2009, and elections for a new parliament have been delayed until late this year. Partly in reaction to these events, the Obama administration is now spending somewhat more than planned during FY10 on democracy and governance programming in Jordan. However, the FY11 request includes cuts to this area, a surprising decision amid the current political climate and the parliamentary vacuum.

The administration's request of \$682.7 million in total assistance to Jordan in the FY11 request represents a very slight (1.5%) decrease from the total amount of \$693 million spent in FY09. The overall breakdown of these funds also remains relatively constant, with \$322.4 million allotted for military and security assistance and \$360 million for civilian economic assistance. Within this civilian aid, however, the portion requested for democracy and governance programming is reduced by \$5.7 million (26%) from \$22 million in FY10 to only \$16.3 million for FY11. This includes \$2 million cut from the Political Competition and Consensus Building heading, \$2 million cut from Civil Society, and \$1.7 million cut from the Rule of Law and Human Rights program area.

These reductions come as Jordan aims to institute several key reforms, including amending the existing electoral law and procedures ahead of parliamentary elections. GJD programming in Jordan includes support for the Government of Jordan's program to enhance the "authority, independence, and accountability" of the judiciary, as well as decentralization programming that aims to strengthen local governance and improve public participation. Further, U.S. aid will support efforts to amend the penal code in an effort to prevent "honor crimes" against women.

The largest change to U.S. aid to Jordan in the

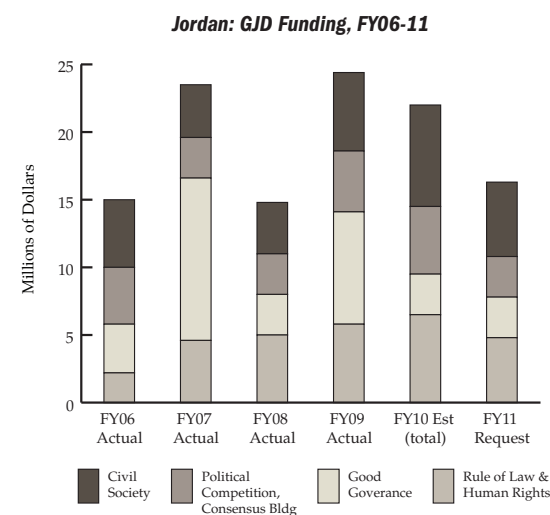
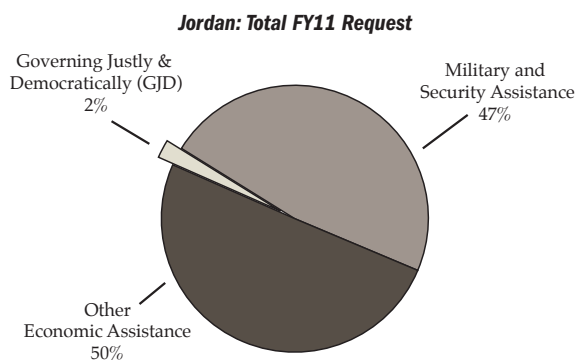


Funding for Iraq has not been an issue of contention between the Obama administration and the Congress, and the expectation therefore is that the Congress will fully grant his overall request for the country. Congress has in recent years included earmarks to support democracy in Iraq, but the administration in power has normally exceeded the minimum requirements of those earmarks for democracy funding. For example, the FY10 Consolidated Appropriations Act includes an earmark requiring at least \$126 million to be spent on "Democracy and Civil Society" in the country, but in reality the administration has elected to spend more than \$300 million on democracy and governance programs during FY10. However, it is possible that as the administration reduces considerably its request for GJD programs in Iraq, Congress could include a democracy earmark in excess of the request.

FY11 budget is the shift within the Peace and Security objective of \$83 million to the counter-terrorism program area, representing an 81% increase in counter-terrorism funding to \$186.3 million. This is the highest figure for U.S. assistance for antiterrorism given to any country in the world. Heightened concerns for counter-terrorism in Jordan were sparked by a few separate incidents in late 2009 and early 2010 involving Jordanians: on December 30, 2009, Jordanian doctor Humam Khalil Abu-Mulal al-Balawi carried out a suicide bombing attack in Afghanistan, killing seven CIA operatives and one Jordanian intelligence official; and on January 14, 2010, a roadside bomb targeting a convoy of Israeli diplomats exploded outside of Amman.

In addition to this bilateral assistance distributed through USAID, Jordan is currently undergoing continuing negotiations with the Millennium Challenge Corporation (MCC) that are expected to result in the signing of a large multiyear assistance compact during FY10. Yet it is unclear at this point to what degree this compact may be impacted by the parliamentary dissolution and vacuum. In June 2009, MCC and the Government of Jordan entered into a grant agreement that provides up to \$13.3 million to assist in the preparation of a large-scale MCC Compact program focused on poverty alleviation through economic development. This large-scale compact proposal will be primarily based on a November 2008 concept paper outlining potential water delivery and wastewater management projects, with a particular focus on the Zarqa governorate. Jordan's MCC threshold project, managed by USAID and aimed at strengthening governance mechanisms in 9 municipalities, was completed in August 2009.

For years, Congress has been extremely supportive of the Jordanian regime, while expressing little concern for any of the human rights issues or stagnating political reform that have been raised regarding other U.S. allies in the region. King Abdullah's dissolution of parliament in November 2009 drew widespread criticism among analysts and observers, but



none from Congress. Numerous members of Congress from both parties have consistently expressed support for the Jordanian regime as a key strategic ally of the U.S. that is under pressure because of the flow of refugees from Iraq. This support has contributed to the considerable increase in foreign assistance to Jordan over the past five years.

Lebanon

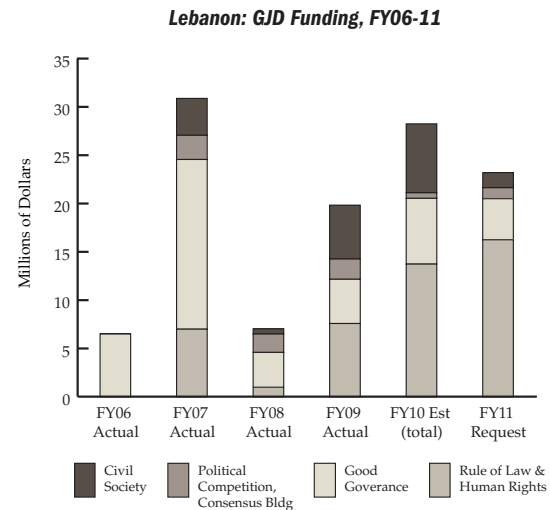
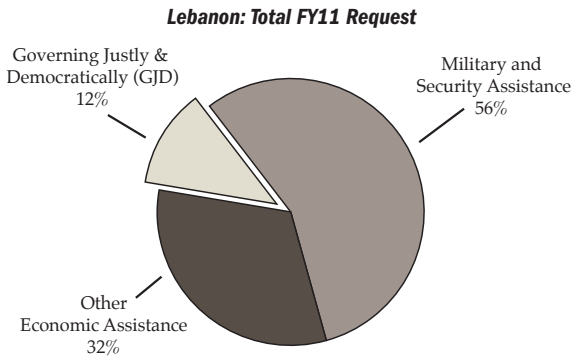
Broadly speaking, the U.S. government's support for democracy and political reform through assistance to Lebanon has gradually increased over the past few years while overall funding for Lebanon, including military and security assistance, has held steady following large increases in FY08. Some supporters of Lebanese democracy and political

reform are concerned that Lebanon may be a lower priority of the Obama administration as it seeks to re-engage Syria and focuses on the Israeli-Palestinian peace process. However, in terms of the budget and funding, there is no evidence of that.

Overall assistance to Lebanon in the FY11 remains at relatively constant levels from FY09 and FY10, after considerable increases in FY08. The total request of \$246.3 million is comparable to the total level of funding allocated for FY09. The budget calls for \$109 million in ESF, identical to the amount requested and granted for FY10, along with \$137.3 million in military and security aid, including \$100 million in FMF and \$37.3 million in three smaller security assistance accounts: International Military Education and Training; International Narcotics Control and Law Enforcement; and Nonproliferation, Antiterrorism, Demining, and Related Programs. Aid to Lebanon was increased dramatically across the board from FY08 to FY09, and then in FY10 the total level of aid remained constant with around \$40 million transferred from military aid to civilian economic aid. The FY11 request generally maintains the changes made through FY10.

The request includes \$28.8 million in democracy and governance funding, a \$2.1 million (8%) increase over the total allocated in FY10, and a fourfold increase from FY08 levels of only \$7 million. This \$2.1 million increase in GJD funding includes an additional \$1.56 million for Civil Society, and \$560,000 for Political Competition and Consensus Building, with \$2.5 million being shifted from Good Governance programming to Rule of Law and Human Rights. Outside of GJD funding, the levels of funding for most other programs are held constant. Within the funding for economic growth, the \$9 million provided in FY10 for the Macroeconomic Foundation for Growth is eliminated, while funding to support the environment is increased by more than \$10 million.

After the Obama administration initially submitted its budget request to Congress,



there was some uncertainty in the status of U.S. aid to Lebanon, pending the outcome of the June 2009 parliamentary elections. Only several days before the elections, Vice-President Biden visited Lebanon and acknowledged that the level of U.S. assistance to the country could be affected by their outcome, the implication being that U.S. aid would be sharply cut in the event of an electoral victory by the Hezbollah-led March 8 opposition. However, this scenario did not come to pass, as the ruling March 14 coalition surpassed expectations and increased its share of seats in the Lebanese parliament. The electoral results were accepted by all parties as accurate and legitimate and the peaceful elections are generally considered to have been a step forward. Following this perceived success, the coming year is seen as a potentially impor-

tant moment in Lebanon, with opportunities for long-awaited electoral reforms ahead of next year's municipal elections.

Congress has long held much interest in Lebanon, in part because of the presence of several Lebanese-American Representatives in the House, and also because of Lebanon's role in several regional priorities. Congress has been generally supportive of both economic and military assistance to the Lebanon. A March 8 victory in the June 2009 parliamentary elections would have lessened congressional support considerably, if not eliminated it entirely, but this scenario was avoided. All signs now point to Congress fully granting the President's request for aid to Lebanon in FY11.

Morocco

Since 2007, the majority of U.S. funding to Morocco has been through a large MCC compact, although USAID funding for the country, including for democracy and governance programming, has gradually increased. Morocco is sometimes viewed by Washington as a steady reformer, witnessing for example impressive achievements by female candidates in the last round of local elections. At the same time, Morocco has seen some alarming antidemocratic steps in the past few years. The creation of the Party for Authenticity and Modernity (PAM) in 2008 was widely seen as a step by the monarchy to exercise its control over the electoral arena. Public disillusionment with the political process resulted in a plurality of blank votes or deliberately spoiled ballots in the last parliamentary elections.

The president's FY11 budget request calls for a 20% increase in total bilateral foreign assistance to Morocco, from \$35.3 million in FY10 to \$42.5 million for FY11. It should be noted that the request for FY11 is nearly identical to the *request* made for FY10, but that the final amount allocated in FY10 fell short of the request by about 20%.

The request of \$10.65 million for democracy and governance programming matches the FY10 request, but only \$7.25 million was in fact allocated in FY10, which is nonetheless an increase over the GJD funding for Morocco in previous years. The shortfall in GJD funding in FY10 consisted of \$3 million requested under the Rule of Law and Human Rights heading for a new project to improve the judicial system for juveniles. Although it is not beginning in FY10 as originally planned, the administration now plans to launch the project with \$3 million in FY11. This juvenile justice project fits into a broader emphasis on youth across the USAID programming in Morocco. This includes efforts to increase the role of youth in political parties and civil society organizations. Outside of the additional \$3 million requested for the juvenile justice project, funding for the other program areas remains relatively stable, with slight increases requested under the headings for Good Governance and for Political Competition and Consensus Building, and a mild (\$300,000, or 11%) decrease in funding requested for civil society.

Despite the increases in bilateral aid to Morocco, the largest component of assistance remains its compact with MCC. In August 2007, Morocco signed a five-year, \$697.5 million Millennium Challenge Compact focusing on poverty reduction and economic growth. At an average of \$139.5 million per year, the compact dwarfs the \$42.5 million in bilateral assistance proposed in the FY11 budget. The bulk of the funds in Morocco's MCC compact are designated for five programs, which aim to: rehabilitate and expand fruit tree production; modernize the small-scale fisheries sector; support small entrepreneurs in traditional artisanal goods, including in the old Medina of Fez; provide financial services including micro-finance loans to small entrepreneurs; and provide business and leadership training to small enterprises.

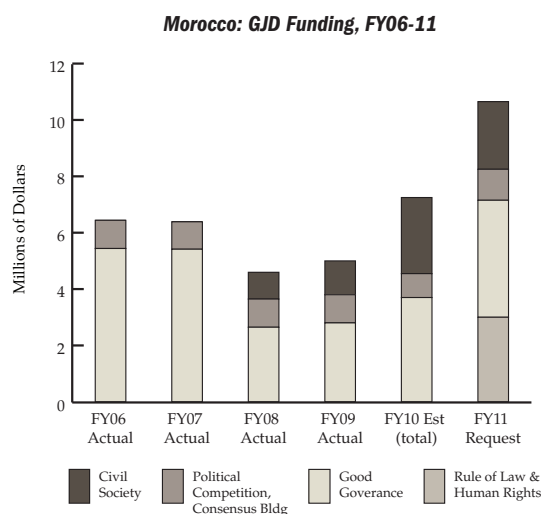
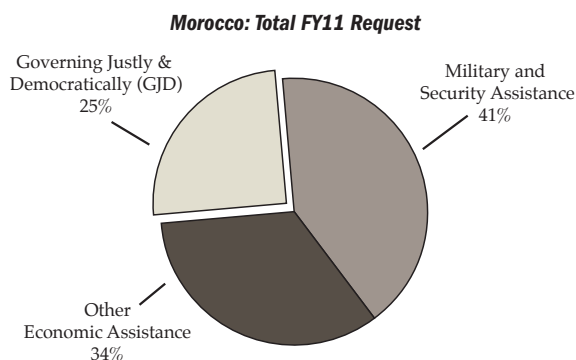
Although none of the MCC funds for Morocco are directed towards any democracy, governance, or human rights programs,

the 17 indicators used in the MCC's annual country scorecards include six indicators under the objective of "Ruling Justly," which are designed to provide incentives for progress on areas of political reform. However, Morocco continues to receive failing, below-median scores from Freedom House on both political rights and civil liberties, as well as on the "Voice and Accountability" indicator from the World Bank Institute. Some continue to question the wisdom of granting such a large MCC assistance package (the largest compact granted by MCC at the time of signing in 2007) to a state that has not demonstrated greater progress in the areas of political rights and freedoms.²⁷

In FY10, the Joint Explanatory Statement that accompanied the Consolidated Appropriations Act endorsed language from the Senate Appropriations Committee Report that directed the Secretary of State "to submit a report not later than 45 days after enactment of this act, detailing steps taken by the Government of Morocco in the previous 12 months to continue to make progress on human rights, and whether it is allowing all persons to advocate freely their views regarding the status and future of the Western Sahara through the exercise of their rights to peaceful expression and association, and to document violations of human rights in the territory without harassment." The gap between the goals of this required report and the reality in Morocco was highlighted by January closure of *Le Journal Hebdomadaire*.²⁸ Morocco's most important independent publication was forced to shut down by bankruptcy brought on by a series of exorbitant fines. Such fines and other measures taken by the regime to undermine the publication's finances were sparked in part by its coverage of government human rights violations in the Western Sahara, which is precisely the focus of the report required by the appropriations committee.

The report submitted as required by the Secretary of State gives cause for concern. It

notes that "this year was overshadowed by an increase in incidents of government suppression of activists who support independence of the Western Sahara." It further cites "police brutality against activists" and describes freedom of speech and assembly in the territory as "limited." This emphasis by Congress on human rights in Morocco is new. Although the language of the reporting requirements do not explicitly condition aid to Morocco on human rights issues, it will nonetheless be interesting to see whether Morocco's lack of progress affects the approach of Congress to Morocco in FY11 appropriations.



²⁷ Freedom House. "Millennium Challenge: Funds Should Go to States Committed to Democracy." November 2, 2005.

²⁸ Issandr El Amrani, "Morocco Loses a Beacon of Freedom," *The Guardian*, January 30, 2010.

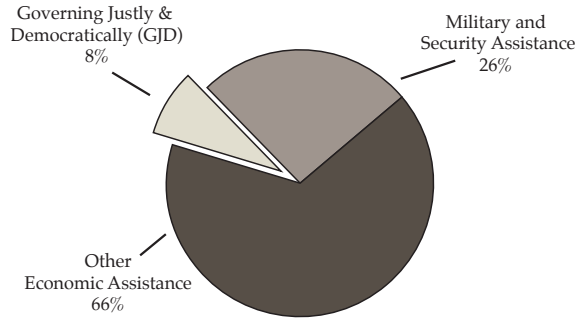
West Bank and Gaza

The Obama administration has made renewing the Israeli-Palestinian peace process a key goal of its foreign policy. One component of this has been support for Palestinian Authority (PA) institutions to lay the groundwork for a Palestinian state. In addition to supporting PA governing institutions, U.S. support for independent Palestinian civil society is also on the rise. U.S. support for the Palestinian territories has been predominantly focused on the West Bank since Hamas took control of Gaza in June 2007. Numerous reports suggest that the rule of law has improved considerably in both the Fatah-controlled West Bank and in Hamas-controlled Gaza since that time, while respect for human rights in each of the territories appears to have significantly diminished during the same period.

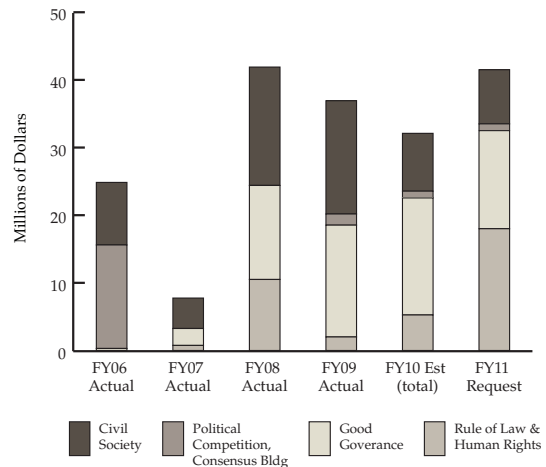
For FY11, President Obama has requested assistance of \$550.4 million for FY11, with nearly half of this amount designated under the “Investing in People” objective, and more than \$200 million of such funds going to health services and social and economic services for the protection of vulnerable populations. The overall request represents a \$47.5 million (9.4%) increase over funding allocated for FY10.

In terms of democracy and governance funding, the request calls for \$41.5 million for GJD programs, similar to the total granted in FY08 (\$41.9 million), as well as the \$42 million requested for FY10. However the GJD allocation of \$32.1 million for FY10 fell considerably short of this mark; thus, the FY11 request, if fully granted, would represent a 29% increase in funding for democracy and governance over the current level. This includes a large (\$12.75 million) surge in funding for Rule of Law programming, devoted in part to a new program to strengthen the PA judiciary – the High Judicial Council and Ministry of Justice – through training and improved facilities. Requested funding for Civil Society and for Political Competition

West Bank and Gaza: Total FY11 Request



West Bank and Gaza: GJD Funding, FY06-11



and Consensus Building essentially remains steady from FY10, while funding for Good Governance programming is decreased by \$2.8 million (16%).

The USAID mission for the West Bank and Gaza largely aims to support efforts to build the governing institutions needed for a future Palestinian state. This includes a strong focus on improving the rule of law and enhancing the respect for human rights in the West Bank. USAID is in the process of launching many new democracy and governance projects in FY10, and FY11 requested funding will primarily be used to continue to expand programming undertaken in FY10. There are currently 13 USAID democracy and governance projects underway in the West Bank and Gaza. These include large multiyear

programs in which international organizations such as Chemonics or the International Foundation for Electoral Systems work with the PA ministries or the Palestinian Central Election Commission (CEC) to improve the capacity and efficacy of PA institutions. In addition, several USAID projects partner with civil society organizations to empower youth to participate in local conflict resolution or to bridge gaps between Israelis and Palestinians.

Following Hamas' victory in the Palestinian Legislative Council elections in January 2006 and their subsequent control of the Palestinian Authority, all direct U.S. assistance to the PA was suspended for approximately 18 months. During this suspension, humanitarian relief and funding for democracy and governance initiatives was disbursed through international NGOs. Following the formation of the new Palestinian government under Prime Minister Salam Fayyad in June 2007, aid to the PA in the West Bank resumed, including funding for democracy and governance programs. The Palestinian Authority had aimed to hold both Presidential and legislative elections by January 2010, but internal tensions between Fatah and Hamas prevented progress on this front. If and when such elections do take place, the outcome will undoubtedly impact the U.S.-Palestinian aid relationship moving forward.

Congress has been generally supportive of the administration's development efforts in the West Bank and Gaza up until now, although changes to the political dynamics between Fatah and Hamas as well as any increase in violence between Israel and the Palestinians is likely to elicit a strong reaction from Congress. Barring such developments, Congress is likely to fully grant the requested funding for the West Bank and Gaza for FY11.

Yemen

In recent months, the need to support good governance and stability in Yemen has

become more widely acknowledged in the Washington policy community. Tensions among the government in Sana'a, a growing separatist movement in the south, and Houthi insurgents in the north, along with economic strains and the two-year postponement of legislative elections originally scheduled for April 2009, have raised concern for Yemen's stability for some time. The latter half of 2009 also witnessed an upsurge in concerns of al-Qaeda using Yemeni territory for training and planning of attacks, prompting Congress to hold several hearings on the dangers posed by instability in Yemen and administration officials to begin investing additional resources in the country. This growing concern peaked following the failed airplane bombing on December 25, 2009, by Umar Farouk Mutallab, believed to have been trained by al-Qaeda in Yemen. This incident rapidly escalated existing concerns for Yemeni political stability, with many analysts cautioning against treating instability as an isolated security issue extracted from its broader political context.

Due to these heightened concerns, the FY11 request for assistance to Yemen represents another large increase, from \$67.3 million granted in FY10 to \$106.6 million. This follows sizable increases in FY09 and FY10, resulting in a fivefold increase over three years from the \$19.4 million in aid to Yemen granted in FY08. The bulk of the increase for FY11 is in military and security assistance, which is increased from \$19.3 million in FY10 to \$51.6 million in the FY11 budget request. In addition, U.S. assistance for local health services is more than doubled to a requested \$21 million from \$10 million in FY10.

Funding for democracy and governance in Yemen is identical to the FY10 request – a total of \$10 million under the GJD heading, consisting of \$3 million for the Rule of Law and Human Rights program area, \$3 million for Good Governance, \$2 million for Political Competition and Consensus Building, and \$2 million for Civil Society. Strictly speaking, the request represents a slight decrease in GJD funding, because \$3 million has been

granted for civil society funding in Yemen during FY10, \$1 million in excess of the FY10 budget request. USAID staff, however, have cautioned against putting too much stock in the precise numbers for GJD program areas in Yemen, as all ESF will be allocated to one of two new multisector initiatives, described below, with each project encompassing multiple program areas.

A USAID document released in late 2009 outlining the agency's "Yemen Country Strategy"²⁹ for 2010-2012 declares that "USAID's overarching strategic goal in Yemen is to increase Yemen's stability through targeted interventions in vulnerable areas." It further elaborates that this goal will be pursued through two specific assistance objectives: "livelihoods in vulnerable areas improved" and "governance capacities improved to mitigate drivers of instability." The strategy document also outlines several intermediate milestones in the course of pursuing these two principal assistance objectives. Since the release of this document, USAID has established two large 5-year projects that correspond with these two assistance objectives: a Community Livelihoods Project (CLP), funded at \$125 million over five years, and a Responsive Governance Project (RGP), funded at a level of \$43 million over five years. In addition there is a separate monitoring and evaluation project, funded at a level of \$7.5 million over three years. Together, these three projects are expected to receive the entirety of Economic Support Funds for Yemen, at least for FY10 and FY11.

Each of these two projects aims to bring an integrated, multisectoral approach to development that draws on both traditional development strategies while also encouraging innovative new approaches. Each also stresses the need to be flexible and responsive to changing local conditions, and

is managed in part by the USAID Office of Transition Initiatives (OTI).³⁰ Administration officials have described these projects as representing quite a new approach, with perhaps the most similar USAID program being the 31-month *Faisons Ensemble* project³¹ launched in Guinea in July 2007. This approach also bears some resemblance to the Obama administration's development and stabilization strategy in Afghanistan.

The Community Livelihoods Project, described by USAID as its "flagship" project for implementing the new Yemen country strategy, aims to pursue development and stabilization through the "facilitation and implementation of quality government service delivery, job creation, responsive local governance, and active civic participation." The CLP initiative intends to emphasize the importance of rapidly responding to local community needs, while also striving to include Yemeni youth under the age of 25, who represent 75% of Yemen's population.

The Responsive Governance Project is designed to serve as a complement to the CLP, and it will naturally focus more on democracy and governance goals than the CLP programming. USAID stresses that the organizations implementing the RGP and CLP should have a close and collaborative relationship. USAID describes RGP as aiming "to facilitate more equitable socio-economic development by strengthening public policies and institutions that will contribute to mitigating the drivers of instability in Yemen." To that end, USAID has outlined five themes that should be integrated throughout the RGP's programming: youth, gender, good governance, institution building, and resource conservation.

USAID released a Request for Application (RFA) for each of these two major projects

²⁹ "2010-2012 Yemen Country Strategy," U.S. Agency for International Development, February 2010.

³⁰ It should be noted that although the Office of Transition Initiatives will play a role in the management of the CLP and RGP projects, both are fully funded under the ESF heading for Yemen and will not draw on funds designated for OTI in the annual budget request.

³¹ See <http://www.worlded.org/WEInternet/projects/ListProjects.cfm?Select=Country&ID=148>

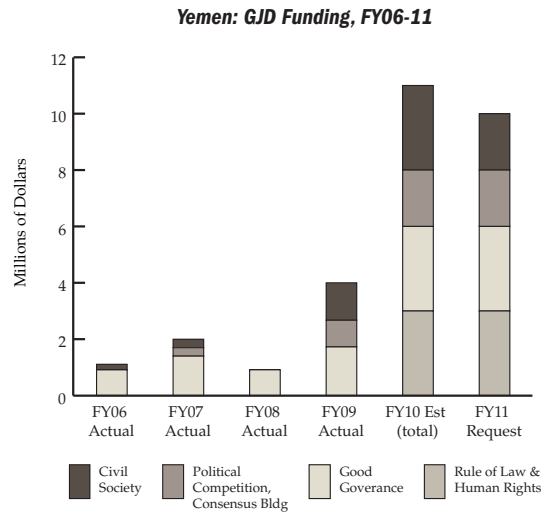
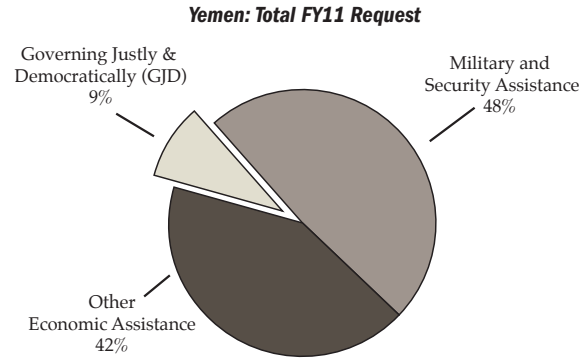
in January 2010, requiring submissions in February with the intention of awarding the projects by the end of April 2010. Because of the large scale and multisector nature of each project, organizations were encouraged to submit applications as part of a consortium with partner organizations that bring different strengths to the project.

While the RGP appears to be an innovative approach to improving the governance of Yemeni institutions, many in the foreign policy community expressed concern that it may represent an excessive focus on the governance side of “democracy and governance” programming. It does appear that support for political competition, the rights of political opposition, and political pluralism are largely overlooked in the RGP approach. Furthermore, the Yemeni Ministry of Planning and International Cooperation is given considerable responsibility for accountability and oversight of both of these large projects. As one senior member of the democracy promotion community put it, “Giving the local government oversight responsibility for *normal* development projects makes sense, but not for *political* development projects, because those government ministries have an incentive to discourage political development.”

On one hand, the current threats to stability and security in Yemen are seen as so severe that some advocate overlooking concerns for democracy and pluralism at this time – that encouraging political openness only weakens an already-weak central government. On the other hand, supporters of democracy and reform worry that if Yemen’s relatively open political climate becomes more repressive in pursuit of short-term stability and security, then this will create the conditions for future instability. Moreover, such moves could likely radicalize opposition forces if they are no longer permitted to participate.

The recent surge in interest and concern for Yemen is certainly found within Congress, which has been extremely supportive of increasing resources to Yemen in the past

couple of budget cycles. Generally, Congress has been supportive of USAID’s shift in approach to Yemen, and has been focused primarily on security concerns with less interest in democracy issues. For FY11, Congress will likely grant the full \$106.6 million requested for Yemen, if not exceed it.



What Now? *Congressional Appropriations Begin*

Now that the administration has submitted its FY11 budget request in full, it is up to Congress to act. First, the House and Senate must pass their respective budget resolutions. Then, before turning to the FY11 annual appropriations, it is expected that the House and Senate appropriations committees will first consider the FY10 supplemental request that was submitted by the administration in February and March along with the FY11 annual request.

Upon completion and passage of the FY10 supplemental appropriations bill – likely in late May or early June – the appropriations committees will turn their full attention to the annual appropriations for FY11. There is reason to believe that the appropriations bills may be passed earlier this year than in the past. The Democrats that currently control both the House and the Senate fear the possibility of losing control of one or both chambers in November’s midterm elections, or at least seeing their advantage diminished. There appears to be a desire among the Democratic leadership to pass appropriations bills prior to adjourning in October for the midterm congressional elections. This could result in more of the appropriations bills being passed individually, or alternatively, in some kind of omnibus consolidated appropriations act being passed in early October. If the latter is the case and the appropriations bill for State and Foreign Operations is passed as a stand-alone piece of legislation, this could result in a more transparent and effective process, as the hurried passage of omnibus spending bills in recent years has contributed to passage of provisions unknown to most members of Congress and even of the appropriations committees.

Much like in FY10, the Democrat-controlled Congress is generally expected to be supportive of President Obama’s budget request for international affairs. As indicated in the various preceding sections, funding under most Middle East headings is expected to be granted at or above the requested levels. Three areas of the budget in which the congressional allocation has consistently differed in some respect from the administration’s request has been in funding for MEPI and MCC and in the details of the economic assistance package for Egypt. It appears that Congress and the Obama administration are converging in their approach to MEPI and MCC, both of which stand a real chance of being fully funded at the requested levels for the first time. On Egypt, two key questions remain: Will Congress again allocate funds for a controversial endowment? At what level will Congress earmark funds for democracy and governance?

In the bigger picture, it remains to be seen whether Congress will take up any broader reform of the U.S. apparatus for foreign assistance. Congressman Howard Berman (D-CA), Chairman of the House Foreign Affairs Committee, had hoped to introduce during 2009 a full rewrite and reauthorization of the Foreign Assistance Act of 1961. He did introduce a bill entitled “The Initiating Foreign Assistance Act of 2009,” which affirms the need for broad reform of U.S. foreign assistance and requires the administration to develop and implement a global strategy for development. It is unclear whether Congress will take any additional steps on foreign aid reform during 2010, due to other legislative priorities and a legislative calendar compressed by the November midterm elections.

Conclusions: *Continuity and Affirming Priorities of Administration's First Year*

President Obama's first annual budget request, submitted in spring 2009 for Fiscal Year 2010 indicated several key shifts in strategy and priorities from the Bush administration, while maintaining a surprising degree of continuity in other areas. Broadly speaking, President Obama's second annual budget request, for Fiscal Year 2011, affirms the approaches taken in the FY10 budget. Aspects of the FY10 budget that were encouraging to supporters of democracy and human rights are even more encouraging in the FY11 version, while causes of concern in FY10 have only been exacerbated in the FY11 budget. Last year's sizable increases in assistance to Afghanistan, Pakistan, and Yemen are accelerated in this year's budget, as are increases in funding for the Middle East Partnership Initiative and the Millennium Challenge Corporation. Overall FY10 funding increases for democracy and governance across the Arab world are repeated in FY11. But a variety of alarming cuts and restrictions placed on democracy funding in Egypt last year were reinforced this year. Cuts to civil society in Jordan were repeated as well. And following widespread concern last year among Middle Eastern activists that the Obama administration was working excessively with the autocratic regimes of the region to improve their governing capacity rather than supporting pluralism and open political processes, a number of signs in this year's budget suggest the same phenomenon.

More narrowly, there are a number of specific conclusions that can be drawn regarding the priorities of the administration's agenda in the region:

The Middle East Partnership Initiative has become a centerpiece of the administration's efforts to engage civil society and support democracy in the region. Following a 30% increase in funding in FY10, the new budget requests an additional 32% increase up to \$86 million. More than half (\$52.9 million) of the requested funding is for MEPI's democracy and governance programs, with \$27.2 million designated for civil society – a 39% increase from FY10. MEPI's programming continues to increasingly focus on direct grants for independent civil society actors. Although the initiative's future was until recently in doubt, the Obama administration now appears to provide a supportive environment for MEPI and seems to view it as a reflection of the administration's commitment to democracy and human rights in the region.

The President's budget request reinforces several controversial changes to U.S. aid to Egypt made in FY09 and FY10. Overall economic assistance and funding for democracy and governance remain at the levels sharply reduced in March 2009. Furthermore, the FY11 budget reinforces the disproportionate cuts in funding for civil society, despite the findings of an October 2009 USAID audit that the most successful portion of USAID's democracy and governance funding in Egypt had been the direct grants for civil society. A controversial 2009 decision to provide bilateral USAID funding only to those organizations officially registered and approved as NGOs by the Egyptian government also remains in place. Finally, the administration is now exploring the establishment of an "endowment" initially proposed by the

Egyptian government to potentially remove congressional oversight over U.S. economic aid in the future. All of these moves were alarming to Egyptian democracy activists last year, and their affirmation in this budget only exacerbates these concerns.

President Obama demonstrates a willingness to leave Iraqi governance to Iraqi institutions while scaling down the U.S. military presence. As the U.S. military draws down its presence, the budget begins to draw down large-scale funding for democracy and governance in Iraq. Whereas funding for democracy and governance had remained at more than \$300 million annually for the past four years, the current budget request cuts of \$175 million. This reduction in GJD funding is accompanied by large increases in assistance to the Iraqi military and security forces as they prepare to maintain stability amid the withdrawal of tens of thousands of Western soldiers.

The Obama administration has “doubled down” on its enormous investment of resources in Afghanistan and Pakistan, including support for democratic institutions and civil society. Last year, President Obama requested \$4.36 billion in total FY10 assistance for Afghanistan and Pakistan, more than double the \$1.87 billion requested a year earlier by the Bush administration. Now, he has dramatically increased requested aid to both countries once again, to a total of \$6.95 billion. Under the FY11 request, Afghanistan and Pakistan would be the two largest recipients of foreign aid, each eclipsing the amount received by Israel, which has been the largest aid recipient every year since 1979. This increase extends to funding for democracy and governance programs in the two countries, for which \$1.58 billion is requested, up from a FY10 request of \$991 million (which was itself more than triple the amount requested by the Bush administration for FY09). The budget reaffirms that

support for democratic institutions and civil society is an indispensable component of the administration’s efforts to build a more secure, stable, and democratic Afghanistan and Pakistan.

The stabilization and development of Yemen has only risen in importance to the administration. In FY10, President Obama requested a 38% increase in foreign aid to Yemen, including a more than threefold increase in funding for democracy and governance programming. Now for FY11, he has requested another 58% increase in aid to Yemen. This year, the bulk of that increase is designated for military and security assistance, while democracy and governance programming stands at the level to which it was raised a year ago. In addition, USAID is in the process of launching a new, integrated, multisectoral approach to development and stabilization, centered around two large five-year projects focused on community livelihoods and responsive governance. In general, the new approach appears promising and potentially innovative, but it has sparked concerns that the administration may be working to strengthen the governance of the current regime while overlooking the importance of pluralism and political competition.

Leaving aside the cases of Iraq, Afghanistan, and Pakistan, the FY11 budget increases funding for democracy and governance by 10% across the Middle East. This includes increases to three of the four democracy and governance program areas, with only a modest (8%) decrease for Good Governance programs. The budget increases funding for Rule of Law and Human Rights (39%), Political Competition and Consensus Building (13%), and Civil Society (3%). Furthermore, increases in bilateral USAID funding for democracy and governance programming are requested for Lebanon, Morocco, and the West Bank and Gaza.

On balance, the 2011 budget reflects the inherent tensions between the Obama administration's commitment to build stronger bilateral relationships with the region's non-democratic governments and its stated desire to support human dignity and "broader engagement." In many respects, the budget does appear to provide the assistance framework needed to support democracy and human rights across the Middle East. It broadly continues the trend over the past decade of increasing foreign assistance to the region, including funding for democracy and governance programming. But assistance and programs alone are not sufficient to bring democratic reform - they must be complemented by effective diplomacy and policy. And it remains less clear whether the administration will complement its assistance framework by the needed diplomatic support in U.S. engagement with the autocratic regimes of the region. Last year's version of this report closed by noting that "remaining questions surrounding policy priorities will be answered in the months ahead by the manner in which the Obama administration turns to diplomacy and the wide array of other policy tools available to complement the funding budgeted to support the rights of the region's citizens." Today, nearly one year later, the administration has yet to deliver a clear answer to those questions.

Appendix: Data Tables

Table 1: Total Assistance by Strategic Objective, for Various Middle East Regional Groupings, FY08-FY11 (in millions of dollars)

Near East Total	FY08 Actual	%	FY09 Actual	%	FY10 Estimate	%	FY11 Request	%
Peace and Security	4374.1	69.1	4857.4	68.6	4849.6	74.0	5408.0	75.9
Governing Justly, Democratically (GJD)	538.3	8.5	483.5	6.8	530.8	8.1	401.0	5.6
Investing in People	616.5	9.7	939.9	13.3	546.9	8.3	649.7	9.1
Economic Growth	666.2	10.5	679.7	9.6	579.7	8.8	574.0	8.1
Humanitarian Assistance	131.3	2.1	118.8	1.7	48.1	0.7	95.5	1.3
TOTAL	6326.4	100	7079.5	100	6555.1	100	7128.3	100
Near East Less Iraq	FY08 Actual	%	FY09 Actual	%	FY10 Estimate	%	FY11 Request	%
Peace and Security	4,168.5	73.2	4,708.8	72.7	4,780.3	78.5	5,059.6	79.1
Governing Justly, Democratically (GJD)	169.5	3.0	164.8	2.5	204.3	3.4	225.7	3.5
Investing in People	616.5	10.8	922.2	14.2	541.9	8.9	609.1	9.5
Economic Growth	631.2	11.1	565.8	8.7	513.7	8.4	489.0	7.6
Humanitarian Assistance	107.6	1.9	118.8	1.8	48.1	0.8	15.5	0.2
TOTAL	5,693.3	100	6,480.5	100	6,088.3	100	6,399.0	100
BMENA Total	FY08 Actual	%	FY09 Actual	%	FY10 Estimate	%	FY11 Request	%
Peace and Security	5,201.2	56.6	6,748.8	56.7	5,999.3	48.8	8,189.0	58.0
Governing Justly, Democratically (GJD)	1,119.2	12.2	1,585.9	13.3	2,402.0	19.5	1,980.0	14.0
Investing in People	1,122.5	12.2	1,733.7	14.6	1,736.1	14.1	1,465.1	10.4
Economic Growth	1,408.2	15.3	1,473.5	12.4	2,096.0	17.0	2,369.7	16.8
Humanitarian Assistance	338.2	3.7	368.0	3.1	65.9	0.5	113.3	0.8
TOTAL	9,189.4	100	11,910.0	100	12,299.4	100	14,117.2	100

Table 2: GJD Funds by Program Area in Various Middle East Regional Groupings, FY06-FY10 (in millions of dollars)

Near East	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	34.7	221.6	121.0	82.6	122.9	91.2
Good Governance	40.2	323.5	217.4	186.4	165.0	134.7
Political Competition, Consensus Building	55.4	184.3	16.6	59.3	73.7	56.2
Civil Society	95.1	266.9	183.3	155.3	169.1	118.8
GJD Total	225.4	996.2	538.3	483.5	530.8	401.0
Near East Less Iraq	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	34.7	34.3	42.4	36.0	49.4	68.7
Good Governance	22.2	51.8	33.2	42.7	48.0	44.4
Political Competition, Consensus Building	36.9	12.4	16.6	18.3	23.2	26.2
Civil Society	76.2	46.8	77.4	67.8	83.6	86.3
GJD Total	170.0	145.3	169.5	164.8	204.3	225.7
BMENA	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	64.5	291.7	253.7	314.5	562.2	379.6
Good Governance	113.1	548.4	556.0	798.4	1,378.3	1,214.7
Political Competition, Consensus Building	72.1	202.8	109.8	243.8	114.3	121.6
Civil Society	100.9	275.0	199.7	229.3	347.2	264.0
GJD Total	350.6	1,317.8	1,119.2	1,585.9	2,402.0	1,980.0
BMENA Less Iraq, Afghanistan, Paksitan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	34.7	34.3	42.4	36.0	49.4	68.7
Good Governance	22.2	51.8	33.7	43.1	48.7	44.4
Political Competition, Consensus Building	36.9	12.4	16.6	18.7	23.5	26.4
Civil Society	76.2	46.8	77.4	67.8	83.6	86.3
GJD Total	170.0	145.3	170.0	165.6	205.3	225.9

**Table 3 - Bilateral Foreign Assistance by Country and by Strategic Objective, FY06-FY10
(in millions of dollars)**

Afghanistan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	378.1	541.8	484.5	767.0	748.3	1112.8
Governing Justly, Democratically (GJD)	102.9	292.9	539.5	984.2	1701.5	1388.0
Investing in People	103.7	190.8	252.8	334.6	459.2	377.4
Economic Growth	323.0	695.7	672.2	567.8	1112.5	1043.0
Humanitarian Assistance	60.0	60.0	154.7	59.5	2.5	2.5
TOTAL BILATERAL ASSISTANCE	967.7	1,781.2	2,103.7	2,713.2	4,024.1	3,923.7
Algeria	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	0.82	1.8	1.6	1.4	1.9	2.4
Governing Justly, Democratically (GJD)	0	0	0	0	0.8	0
Investing in People	0	0	0	0	0	0
Economic Growth	0	0	0	0.4	0.33	0.4
Humanitarian Assistance	0	0	0	0	0	0
Total Bilateral Assistance	0.8	1.8	1.6	1.8	3.0	2.8
Egypt	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	1,290.5	1,302.7	1,293.6	1,304.7	1,305.7	1,308.0
Governing Justly, Democratically (GJD)	50.0	50.0	54.8	20.0	25.0	25.0
Investing in People	178.1	196.8	170.6	119.4	75.9	106.0
Economic Growth	260.6	208.2	186.2	110.6	149.1	119.0
Humanitarian Assistance	0	0	0	0	0	0
TOTAL BILATERAL ASSISTANCE	1,779.3	1,757.7	1,705.2	1,554.7	1,555.7	1,558.0
Iraq	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	0	1,055.8	205.6	148.6	69.3	348.4
Governing Justly, Democratically (GJD)	55.4	850.9	368.8	318.7	326.5	175.3
Investing in People	0	0	0	17.7	5.0	40.6
Economic Growth	0	204.5	35.0	113.9	66.0	85.0
Humanitarian Assistance	0	5.0	23.8	0	0	80.0
TOTAL BILATERAL ASSISTANCE	55.4	2,116.3	633.2	599.0	466.8	729.3

Table 3 – (continued)
(dollars in millions)

Jordan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	213.4	283.9	376.4	358.3	330.0	322.4
Governing Justly, Democratically (GJD)	15.0	23.5	14.7	24.3	22.0	16.3
Investing in People	48.0	78.3	171.5	192.4	118.1	122.0
Economic Growth	184.5	152.2	330.2	296.9	222.9	222.0
Humanitarian Assistance	0	0	45.0	0	0	0
TOTAL BILATERAL ASSISTANCE	460.9	537.9	937.8	871.8	693.0	682.7
Lebanon	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	7.4	296.5	13.2	172.6	129.3	137.3
Governing Justly, Democratically (GJD)	6.5	80.9	7.0	18.3	26.7	28.8
Investing in People	8.3	18.5	9.0	27.6	48.3	50.7
Economic Growth	12.9	268.2	16.1	16.6	34.0	29.5
Humanitarian Assistance	14.1	19.1	13.0	5.0	0	0
TOTAL BILATERAL ASSISTANCE	49.3	683.1	58.3	240.1	238.3	246.3
Libya	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	0	0	1.0	3.3	0.78	0.88
Governing Justly, Democratically (GJD)	0	0	0	1.0	0	0
Investing in People	0	0	0	1.0	0	0
Economic Growth	0	0	0	0.5	0	0
Humanitarian Assistance	0	0	0	0	0	0
TOTAL BILATERAL ASSISTANCE	0	0	1.0	5.8	0.78	0.88
Mauritania	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	0	0	0.83	0	0.31	0.48
Governing Justly, Democratically (GJD)	0	0	0.5	0.8	1.0	0.2
Investing in People	3.6	4.0	4.0	4.0	4.0	2.0
Economic Growth	2.5	4.0	1.0	1.0	1.0	3.0
Humanitarian Assistance	0	0	0	0	0	0
TOTAL BILATERAL ASSISTANCE	6.1	8.0	6.29	5.8	6.31	5.68

Table 3 – (continued)
(dollars in millions)

Morocco	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	16.0	16.3	7.0	7.2	13.8	17.4
Governing Justly, Democratically (GJD)	6.4	6.4	4.6	5.0	7.2	10.7
Investing in People	4.8	2.7	4.8	6.5	8.5	6.5
Economic Growth	8.0	9.5	10.1	6.5	5.8	8.0
Humanitarian Assistance	0	0	0	0	0	0
TOTAL BILATERAL ASSISTANCE	35.2	34.9	26.5	25.2	35.3	42.5
Pakistan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	342.6	333.0	329.4	1,116.4	393.1	1,661.8
Governing Justly, Democratically (GJD)	22.3	28.7	40.8	117.4	168.7	190.8
Investing in People	114.7	240.7	249.3	454.7	726.1	436.0
Economic Growth	209.3	24.3	68.8	427.7	402.8	749.7
Humanitarian Assistance	17.7	100.0	52.1	189.7	15.3	15.3
TOTAL BILATERAL ASSISTANCE	706.6	726.7	740.5	2,305.9	1,705.9	3,053.6
Tunisia	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	10.3	10.8	10.4	13.8	17.2	7.2
Governing Justly, Democratically (GJD)	0	0	0.6	0.3	0.5	0
Investing in People	0	0	0	0	0.5	0
Economic Growth	0	0	0.6	0.5	1.0	0
Humanitarian Assistance	0	0	0	0	0	0
TOTAL BILATERAL ASSISTANCE	10.3	10.8	11.6	14.6	19.2	7.2
Turkey	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	19.0	19.8	12.4	7.9	8.0	5.9
Governing Justly, Democratically (GJD)	0	0	0	0	0	0
Investing in People	0	0	0	0.5	0	0
Economic Growth	0	0	0	7.0	0	0
Humanitarian Assistance	0	0	0	0	0	0
TOTAL BILATERAL ASSISTANCE	19.0	19.8	12.4	15.4	8.0	5.9

Table 3 – (continued)
(dollars in millions)

West Bank and Gaza	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	95.8	0	26.4	233.5	101.2	139.5
Governing Justly, Democratically (GJD)	24.8	7.8	41.9	36.9	32.1	41.5
Investing in People	18.2	18.6	236.5	530.7	246.0	272.5
Economic Growth	7.8	9.8	82.7	121.9	75.5	81.4
Humanitarian Assistance	6.8	27.4	16.5	104.5	48.1	15.5
TOTAL BILATERAL ASSISTANCE	153.3	63.5	404.0	1,027.5	502.9	550.4
Yemen	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Military and Security Assistance	10.8	13.7	7.9	5.9	19.3	51.6
Governing Justly, Democratically (GJD)	1.1	2.0	0.9	4.0	11.0	10.0
Investing in People	5.7	7.5	8.4	26.0	22.5	33.0
Economic Growth	1.1	0.49	0	4.0	14.5	12.0
Humanitarian Assistance	0	0	2.2	2.4	0	0
TOTAL BILATERAL ASSISTANCE	18.7	23.7	19.4	42.4	67.3	106.6

Table 4 - Governing Justly and Democratically (GJD) Funding by Country, Program Area, FY06-FY11 (in millions of dollars)

Afghanistan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	29.8	65.1	124.5	220.5	411.1	248.0
Good Governance	63.7	205.8	311.6	514.2	1,152.6	1,010.0
Political Competition, Consensus Building	3.5	13.9	90.3	177.5	25.0	50.0
Civil Society	5.8	8.1	13.2	72.0	112.8	80.0
GJD Total	102.9	292.9	539.5	984.2	1,701.5	1,388.0
Algeria	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0	0.19	0
Good Governance	0	0	0	0	0.19	0
Political Competition, Consensus Building	0	0	0	0	0	0
Civil Society	0	0	0	0	0	0
GJD Total	0	0	0	0	0.38	0
Egypt	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	16.0	17.3	18.1	10.2	10.5	10.5
Good Governance	4.3	11.3	5.0	2.5	6.0	6.0
Political Competition, Consensus Building	0	0	0	0	0	0
Civil Society	29.8	21.5	31.8	7.3	8.5	8.5
GJD Total	50.0	50.0	54.8	20.0	25.0	25.0
Iraq	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	187.3	78.6	46.6	73.5	22.5
Good Governance	18.0	271.6	184.2	143.6	117.0	90.3
Political Competition, Consensus Building	18.5	171.9	0	41.0	50.5	30.0
Civil Society	18.9	220.1	106.0	87.5	85.5	32.5
GJD Total	55.4	850.9	368.8	318.7	326.5	175.3
Jordan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	2.2	4.6	5.0	5.8	6.5	4.8
Good Governance	3.6	12.0	3.0	8.3	3.0	3.0
Political Competition, Consensus Building	4.2	3.0	3.0	4.5	5.0	3.0
Civil Society	5.0	3.9	3.8	5.8	7.5	5.5
GJD Total	15.0	23.5	14.7	24.3	22.0	16.3

Table 4 (continued)
(dollars in millions)

Lebanon	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	7.0	1.0	7.6	13.7	16.2
Good Governance	6.5	17.6	3.6	4.6	6.8	4.3
Political Competition, Consensus Building	0	2.5	1.9	2.1	0.6	1.1
Civil Society	0	3.8	0.54	5.6	7.1	1.6
GJD Total	6.5	30.9	7.0	19.8	28.2	23.2
Libya	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0.3	0	0
Good Governance	0	0	0	0.5	0	0
Political Competition, Consensus Building	0	0	0	0	0	0
Civil Society	0	0	0	0.2	0	0
GJD Total	0	0	0	1.0	0	0
Mauritania	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0	0	0
Good Governance	0	0	0.5	0.35	0.7	0
Political Competition, Consensus Building	0	0	0	0.45	0.3	0.2
Civil Society	0	0	0	0	0	0
GJD Total	0	0	0.5	0.8	1	0.2
Morocco	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0	0	3
Good Governance	5.4	5.4	2.6	2.8	3.7	4.2
Political Competition, Consensus Building	1.0	0.97	1.0	1.0	0.85	1.1
Civil Society	0	0	1.0	1.2	2.7	2.4
GJD Total	6.4	6.4	4.6	5.0	7.2	10.7
Pakistan	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	5.0	8.1	11.4	28.2	40.4
Good Governance	9.1	19.1	26.5	97.5	60.0	70.0
Political Competition, Consensus Building	13.2	4.6	3.0	6.5	15.2	15.2
Civil Society	0	0	3.2	2.0	65.2	65.2
GJD Total	22.3	28.7	40.8	117.4	168.7	190.8

Table 4 (continued)
(dollars in millions)

Tunisia	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0.15	0.15	0
Good Governance	0	0	0.25	0.15	0.15	0
Political Competition, Consensus Building	0	0	0	0	0	0
Civil Society	0	0	0.34	0	0.2	0
GJD Total	0	0	0.59	0.3	0.5	0
Turkey	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0	0	0
Good Governance	0	0	0	0	0	0
Political Competition, Consensus Building	0	0	0	0	0	0
Civil Society	0	0	0	0	0	0
GJD Total	0	0	0	0	0	0
West Bank and Gaza	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0.75	10.5	2.0	5.3	18.0
Good Governance	0.3	2.5	13.9	16.5	17.3	14.5
Political Competition, Consensus Building	15.3	0	0	1.7	1.0	1.0
Civil Society	9.2	4.5	17.5	16.7	8.6	8.0
GJD Total	24.8	7.8	41.9	36.9	32.1	41.5
Yemen	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Estimate	FY11 Request
Rule of Law and Human Rights	0	0	0	0	3.0	3.0
Good Governance	0.91	1.4	0.91	1.7	3.0	3.0
Political Competition, Consensus Building	0	0.3	0	0.95	2.0	2.0
Civil Society	0.2	0.3	0	1.3	3.0	2.0
GJD Total	1.11	2.0	0.91	4.0	11.0	10.0



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