



PROJECT *on* Middle East Democracy

FISCAL YEAR 2009 APPROPRIATIONS AND DEMOCRACY, GOVERNANCE, AND HUMAN RIGHTS IN THE MIDDLE EAST

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In February, President Bush submitted his budget request for Fiscal Year 2009 (FY09), the last budget of his 8 year tenure as president. I will now give an overview of what's in this request and how it breaks down. I should add at the outset that most of the numbers that I discuss today will *not* include funding from emergency supplemental appropriations bills, including the bill for FY08 that's expected to be passed in the next few weeks. The supplemental bills for Iraq and Afghanistan make fair comparisons difficult. On the one hand, you hate to leave out significant amounts of funding, but on the other, FY09 requested levels are not yet known, making fair comparisons difficult.

The President's budget request for FY09 for foreign operations includes \$39.8 billion for international affairs, a \$5.5 billion (16%) increase over the FY08 international affairs budget. However, even with the increase, this represents only 1.3 % of the President's request for the entire federal budget for FY09, a figure 11% lower than the yearly average spent on international affairs during the Cold War. And this is less than 8% of the \$515.4 billion allocation for baseline spending for the Department of Defense. This does not even include most expenses for the wars in Iraq and Afghanistan, which are allocated through emergency supplemental appropriations acts.

For the countries in the State Department's Near East region, the FY09 budget requests a total of \$5.52 billion, a 4.9% increase over the amount granted for FY08. For the expanded Broader Middle East and North Africa (BMENA) region [Arab countries, Iran and Israel along with Pakistan, Afghanistan, Turkey, and Mauritania – we at POMED feel that events in Pakistan and Afghanistan cannot be entirely separated from those in the Middle East] the request is \$7.41 billion, a 5% increase over FY08. To examine this request more closely, we can break the funding down into the State Department's five strategic objectives for foreign assistance: *NEXT SLIDE*

- **Peace and Security** - Provides various forms of military assistance.
- **Governing Justly and Democratically (GJD)** – All funding for democracy, human rights, and governance.
- **Investing in People** - Focuses primarily on health and education programs.

- **Promoting Economic Growth** – Strengthens private markets, trade and investment, infrastructure, and the financial sector.
- **Humanitarian Assistance** – Provides protection, assistance, and solutions for civilians affected by conflict, disaster, and displacement.

We can break down the \$7.41 billion designated for the BMENA region according to these 5 categories: *NEXT SLIDE*

You'll see that 69%, or \$5.1 billion, is requested for military assistance for the region. Just to reiterate, this does *not* include Department of Defense or most funding for Iraq and Afghanistan. Of this military assistance, \$2.55 billion is for Israel and \$1.3 billion for Egypt, which leaves \$1.25 billion in military aid spread across the other countries of the region. Some would argue this is misleading because of Afghanistan and Iraq. *NEXT SLIDE*

We should remember that even though the GJD slice is small, it is bigger than in the past. This GJD is \$312 million (without Iraq and Afghanistan). It was \$250 million in the Middle East GJD from 1991-2001, as compared with \$741 million in BMENA now, \$200 million in Iraq, \$250 million in Afghanistan, and \$312 million in others. *NEXT SLIDE*

Within this category of Governing Justly and Democratically (GJD), there are four program areas:

- **Rule of Law and Human Rights:** promotes constitutional and legal reform, judicial independence and reform, protection of human rights
- **Good Governance:** fighting corruption; improving transparency and accountability
- **Political Competition and Consensus Building:** political party development; promoting free, fair, and transparent multiparty elections; promoting representative and accountable political parties
- **Civil Society:** strengthens independent media, NGOs, think tanks, and labor unions.

We can now break down the funds requested for the region into these 4 program areas: *NEXT SLIDE*

In this case, if we omit Iraq and Afghanistan, the scale of the graphs is different but the trends are essentially unchanged. If we add up these program areas, the trends in recent years become clearer. *NEXT SLIDE*

And this time removing Iraq and Afghanistan changes the picture somewhat. *NEXT SLIDE*

Now, if we shift from the region as a whole to examining things on a country-by-country basis, *NEXT SLIDE*, we can compare the funding for democracy and governance programs to the various countries in the region.

NEXT SLIDE - **Egypt:** Total of **\$1.5 billion** requested

- 87% or \$1.3 billion is for military assistance
- 3% of total, or \$45 million, for democracy and governance; request was \$50 million which has dropped off
- the only country of the 6 we're looking at now for which money for Governing Justly and Democratically (GJD) is *not* increased
- also the only country with no funds for Political Competition & Consensus Building

NEXT SLIDE – **Jordan:** Total of **\$535 million** requested

- 5% or \$27 million for Governing Justly and Democratically (GJD)
- Steady increases with indications that Congress will actually give significantly more to Jordan than requested (Congressman Adam Schiff, for example, has discussed a \$2.7 billion package for the next three years, or \$900 million per year which is nearly double the President's request)
- Jordan is seen as an ally under stress because of the roughly one million refugees that have come in from Iraq

NEXT SLIDE – **Lebanon:** Total of **\$142 million** requested

- 7% or \$37 million for Governing Justly and Democratically (GJD)
- This slide is somewhat misleading because Lebanon received an additional \$585 million in FY07, including \$29 million for GJD in FY07 emergency supplemental following the July 2006 war.
- You'll notice the civil society and rule of law programs appear to have begun in FY08 and FY09, but both in fact were started with FY07 supplemental money.

NEXT SLIDE – **Morocco:** Total of **\$28.5 million** requested

- 25% or \$7 million for GJD
- aid to Morocco was cut considerably in FY06; cut again last year
- FY09 request restores to FY07 levels
- It should also be noted that Morocco last August signed a five-year, \$697.5 million assistance agreement with the Millennium Challenge Corporation (MCC)
 - at an average of \$139.5 million per year, this dwarfs the annual assistance package

NEXT SLIDE – **West Bank & Gaza:** Total of **\$100 million** requested

- The request restores amount almost to the level of FY06
- severe cuts following the electoral victory of Hamas in January 2006
- now for the first time, aid returns to pre-2006 levels with \$24 million for GJD

NEXT SLIDE – **Yemen:** Total of **\$33.7 million** requested

- 21%, or \$7 million for GJD
- Significant restructuring of aid package which appears to be modeled on the aid for Morocco – exactly the same amount requested overall (including exact amount for GJD and for each program area)

NEXT SLIDE – Now we return to a look at the GJD funding requested for these six countries, along with Iran and Pakistan. For Pakistan, the President has requested a total of \$826 million, including \$345 million in military assistance, \$453 million in Economic Support Funds (ESF), of which \$55.2 million is designated for programs for Governing Justly and Democratically.

Senator Joe Biden (D-DE) has proposed tripling non-military assistance to Pakistan to \$1.5 billion as part of a multi-year \$7 billion assistance agreement. Biden also called for an additional \$1 billion “democracy dividend” to “jumpstart” the new, democratically-elected Pakistani government.

For Iran, beginning in 2006, funding has been provided for independent programs to promote democracy, governance, and rule of law in Iran. These funds are not managed by USAID, but by the Iran Office at the State Department. Last year, the President requested \$75 million and Congress granted \$60 million. This year, the request is for \$65 million but is controversial.

All of these slides have focused on bilateral assistance to the region. In addition, important funds are distributed through multination programs such as MEPI, MCC, USAID/OMEF, Bureau of DRL at State, and others. Generally speaking, such programs have received reduced funding under the President’s request or are on a downward trend.

A brief look at two key programs:

NEXT SLIDE – **MEPI:** There has been a clear overall downward trend. FY09 request was actually a slight increase but doesn’t really change the overall picture. In addition to the downward trend in overall funding, there’s also the issue of earmarks being taken out of the MEPI budget for first time in FY08. MEPI has 4 programs and roughly 20% of MEPI overall budget is for MEPI GJD programs.

NEXT SLIDE – **MCC:** It was established in January 2004. You can see a pretty clear picture in terms of funding, though it should be noted that MCC has not spent its entire allotment in previous years. It will be interesting to see if Congress moves closer to this more modest request or scales back along with the request.

Conclusions/Observations: There is still no bilateral GJD funds for the Gulf states. Tunisia GJD money was eliminated after only one year. There is vast disparity between military and soft power spending/assistance. The final budget is an attempt to cement the legacy of the “freedom agenda.”