

The Department of State, Foreign Operations, and Related Programs: Appropriations Bills, FY13

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EXECUTIVE SUMMARY

- The Senate bill's total budget for foreign assistance is \$52.1 billion and the House version of the bill is \$40.1 billion, which are \$2.6 billion and \$14.6 billion below the President's request of \$54.7 billion, respectively.
- The House bill does not fully fund the \$770 million Middle East and North Africa Incentive Fund requested by the administration, while the Senate bill includes \$1 billion for the Fund. The House Appropriations Committee instead allocates \$200 million for a Middle East Response fund, which represents a rejection of the administration's request to establish an Incentive Fund as a centerpiece of the President's response to the dramatic political changes in the region. The Middle East Response fund included in its place in the House bill would give the administration some funds to respond to developments in the short-term, but would not allow for the establishment of the new Incentive Fund initiative. In comparison, the Senate bill grants and surpasses the request, and provides the administration a much greater degree of regional flexibility and resources. The Fund will allow the administration to respond to events in the region and also to incentivize key allies to reform in exchange for potential increases in economic and military assistance.
- The House bill prohibits direct Government-to-Government economic assistance to any government that is "actively and significantly interfering with the operation of civil society organizations." The civil society clause can be interpreted as conditioning Egypt's Economic Support Funds (ESF) on ending its campaign against international and domestic civil society organizations.
- Congressional policy toward Egypt's economic and military assistance varies considerably between the House and Senate. In the House bill, the national security waiver on Egypt's Foreign Military Financing (FMF) is only applicable to Egypt's commitment to democratic processes and freedoms, and cannot be applied if the Government of Egypt fails to meet its obligations under the 1979 Egypt-Israel Peace Treaty.

“In many circumstances, the Committee recognizes the NED as a more appropriate and effective mechanism to promote democracy and human rights abroad than either the Department of State or USAID.”

- In comparison, the Senate expands previous restrictions by seeking to limit Egypt’s military assistance unless: there is full public disclosure of its budget, an end to harassment of and interference with civil society organizations, and a comprehensive review of bilateral assistance to Egypt for fiscal year 2014. Finally, the Senate bill reduces Egypt’s ESF “by an amount equal to the amount that the Secretary of State determines and reports to the Committees on Appropriations was posted as bail in February 2012 for members of United States nongovernmental organizations.” At the full committee markup hearing, Senator **Lindsey Graham** (R-SC) pointed out the reduction in Egypt’s economic assistance by \$5 million to account for the bail money: “We got some of our money back.”
- The House bill includes \$122 million for the National Endowment for Democracy (NED), while the Senate bill allocates nearly double that amount - \$236 million. In regards to the NED, the Senate [committee report](#) notes: “In many circumstances, the Committee recognizes the NED as a more appropriate and effective mechanism to promote democracy and human rights abroad than either the Department of State or USAID.” Furthermore, the House bill includes \$120 million for the President’s Democracy Fund, while the Senate bill includes \$230 million.
- The House bill places new conditions on direct Government-to-Government economic assistance, allowing such aid only “if such government is sincere in the pursuit of democracy.” A country’s sincerity is to be measured by its performance on the indicators in the Millennium Challenge Corporation’s “Ruling Justly” category. Based on a review of available MCC scorecards, this could potentially jeopardize assistance to Egypt, as the country received a “fail” rating on the “Ruling Justly” category in FY2011 and FY2012 after receiving a “pass” rating on this category in FY2010.
- The Senate bill restricts provision of “tear gas, armored vehicles, small arms, light weapons, ammunition, or other items for crowd control purposes” to foreign security forces that have “used excessive force to repress peaceful, lawful, and organized dissent.” The Senate also contains further detailed restrictions on such assistance to Bahrain, citing the release of political prisoners, the protection of universal rights, and accountability for “Bahraini officials credibly alleged to have been involved in violations of human rights, including torture.”

On Thursday (5/17), the House Appropriations Committee approved by voice vote its fiscal year 2013 State and Foreign Operations Appropriations bill, [H.R. 5857](#). According to a committee [press release](#), the bill totals \$40.1 billion in regular discretionary funding, which is \$2 billion below the FY12-enacted level or 14 percent below the [fiscal year 2013 request](#) from the administration. On Thursday (5/24), the Senate Appropriations Committee [approved S. 3241](#), its fiscal year 2013 State and Foreign Operations Appropriations bill. The bill totals \$52.1 billion, which is \$2.6 billion below the President's request and \$12 billion above the House version of the bill, according to a committee [press release](#).

At the markup hearing in the House State and Foreign Operations Appropriations Subcommittee, Chairwoman **Kay Granger** (R-TX) said in her opening [statement](#), "Since the start of the Arab uprising we have been constantly watching the situation throughout the Middle East [...] While we are not providing the Administration with a new \$770 million account as they requested, we are providing some flexibility to respond to the rapid change we have witnessed, but in ways that keep the Congress directly involved in the oversight of the funds." This rhetoric is reflected in a \$200 million allocation for "Middle East Response," as noted in the [committee report](#), which includes \$175 million for economic assistance and \$25 million for military assistance. Of these amounts, \$70 million is designated for the Middle East Partnership Initiative (MEPI), \$5 million for USAID's Office of Middle East Programs (OMEP), and \$50 million for additional Economic Support Funds (ESF) to Jordan. This would leave only \$50 million in non-earmarked funds to respond to developments in the Middle East.

At the full Senate Appropriations committee markup hearing, Senator **Patrick Leahy** (D-VT) [noted](#), "We include a new Middle East and North Africa Incentive Fund requested by the President, to respond to rapidly changing events in that volatile region." In the Senate Appropriations Subcommittee on the Department of State, Foreign Operations, and Related Programs markup hearing, Senator **Lindsey Graham** (R-SC) [noted](#) the subcommittee's decision to allocate \$230 million above the administration's \$770 million request "to give the State Department the ability to go in to places like Tunisia and Libya that are at a crossroads and come up with some financial assistance to stabilize those countries." He added that Tunisia is becoming a "very good news story if they stay on track" in the region and "this account allows the State Department some flexibility in a very quick changing area of the world."

Use the following links for the House [summary](#) of the legislation, [full text](#), and accompanying committee [report](#). Follow these links for the Senate [summary](#) of the legislation, [full text](#), and accompanying committee [report](#). Below we have tried to identify all sections of the bill directly related to U.S. engagement with the Middle East and North Africa and issues of democracy and human rights in the MENA region, accompanied by relevant quotes from Congressional hearings as well as background information and context.

"We include a new Middle East and North Africa Incentive Fund requested by the President, to respond to rapidly changing events in that volatile region."

RELEVANT GLOBAL PROGRAMS

BILATERAL ECONOMIC ASSISTANCE

The House bill allocates \$5.21 billion in Economic Support Funds (ESF), \$2.3 billion of which is designated for Iraq, Afghanistan, and Pakistan. The Senate bill allocates \$5.12 billion in ESF, of which \$450 million is for Afghanistan, \$100 million for Pakistan, and \$50 million for Iraq.

BROADCASTING BOARD OF GOVERNORS' INTERNATIONAL BROADCASTING OPERATIONS

The House bill includes \$740 million, while the Senate includes \$724 million, for the Broadcasting Board of Governors (BBG), “to carry out international communication activities, and to make and supervise grants for radio and television broadcasting to the Middle East.” The Senate bill adds language directing some of the funds to “be made available to expand unrestricted access to information on the Internet through the development and use of circumvention and secure communication technologies.”

COMPLEX CRISES FUND

The House bill omits any designation for the “complex crises fund” which was funded at \$10 million in FY12 “to support programs and activities to prevent or respond to emerging or unforeseen complex crises overseas,” despite a \$50 million request from the administration. In comparison, the Senate bill includes \$50 million for the complex crises fund.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

The House bill includes \$1.31 billion for membership in international multilateral organizations, while the Senate bill allocates \$1.39 billion.¹

DEMOCRACY FUND

The House bill allocates \$119.8 million to the President’s Democracy Fund, while the Senate bill allocates \$230 million. These are funds used to support democracy and governance programs worldwide, administered through the State Department’s Bureau of Democracy, Human Rights, and Labor (DRL) and the USAID Office of Democracy, Conflict, and Humanitarian Assistance (DCHA).

EXPORT-IMPORT BANK

Both bills includes \$38 million “for the cost of direct loans, loan guarantees, insurance, and tied-aid grants” for the Export-Import Bank of the United States, which is a 35 percent reduction of the FY12-enacted level and the same as the administration’s request. The Export-Import Bank is a key component of the “Egypt: Forward” program, which [serves](#) “as an immediate response to support economic growth and stability in Egypt as it undergoes an historic transition.”

“The House bill allocates \$119.8 million to the President’s Democracy Fund, while the Senate bill allocates \$230 million.”

¹ Both bills contain an additional \$101 million for this activity for funding related to Iraq, Afghanistan, and Pakistan in Title VIII

INTERNATIONAL PEACEKEEPING ACTIVITIES

The House bill includes \$1.8 billion for international peacekeeping activities directed to the maintenance or restoration of international peace and security, while the Senate bill includes \$2 billion. Of the [current UN peacekeeping operations](#) in the region, the final spending level determined would potentially affect funding to the [United Nations Mission for the Referendum in Western Sahara](#) (MINURSO), the [United Nations Disengagement Observer Force](#) (UNDOF) in the Golan Heights in Syria, the [United Nations Interim Force in Lebanon](#) (UNIFIL), the [United Nations Interim Security Force for Abyei](#) (UNISFA), [United Nations Mission in the Republic of South Sudan](#) (UNMISS), and the [United Nations Truce Supervision Organization](#) (UNTSO) in the Middle East.

This also includes funding for the newly-created [United Nations Supervision Mission in Syria](#) (UNSMIS), led by Kofi Annan since April 2012 that aims to implement a [six-point plan](#) to end the conflict in Syria. During a briefing in March, U.S. Deputy National Security Advisor for the White House **Ben Rhodes** [stated](#), “[T]here is the framework for cooperation through the Kofi Annan initiative, which, again, at the very least provides a framework for stopping the violence, initiating greater humanitarian access to the people of Syria, and initiating a transition in that country.”

LIMITATIONS ON CROWD CONTROL ITEMS

The Senate bill notes that no Foreign Military Financing (FMF) funding should be made available and no defense export license should be issued:

“for tear gas, armored vehicles, small arms, light weapons, ammunition, or other items for crowd control purposes, to the security forces of a foreign country undergoing democratic transition, unless the Secretary of State notifies the Committee on Appropriations that such forces have not repeatedly used excessive force to repress peaceful, lawful, and organized dissent”

This is likely a reference to tear gas and other crowd control items manufactured in the United States that have been used to suppress peaceful protest in Egypt, Bahrain, and elsewhere in the region. Senator **John Kerry** (D-MA) [said](#) in reference to Bahrain on February 17, 2011, “Using tear gas, batons, and rubber bullets on peaceful protestors is the worst kind of response to a nonviolent demonstration.” In February 2012, Senator **Patrick Leahy** (D-VT) also [expressed](#) concern at a budget hearing with Secretary of State **Hillary Clinton** that “the Government of Bahrain continues to use force against civilians who are demonstrating peacefully.” In comparison, the House bill contains no mention or restrictions on crowd control items.

This also includes funding for the newly-created United Nations Supervision Mission in Syria (UNSMIS), led by Kofi Annan since April 2012 that aims to implement a six-point plan to end the conflict in Syria.

“Last fall, Tunisia became eligible for the Millennium Challenge Corporation’s Threshold Program, which will support sustained, broad-based economic growth throughout the country.”

LIMITATION ON DIRECT GOVERNMENT-TO-GOVERNMENT ASSISTANCE

The bill prohibits any foreign assistance “used for direct Government to-Government assistance unless the Secretary of State certifies to the Committees on Appropriations that [...] The Government of the United States and the government of the recipient country have agreed, in writing [...] that the government of the recipient country will publicly disclose on an annual basis its national budget, to include income and expenditures.” Further, direct Government-to-Government assistance is restricted on a certification that the “recipient country has demonstrated a commitment to democracy and democratic principles” and the “recipient agency or ministry is not headed or controlled by an organization designated as a terrorist organization.”

The House bill also designates \$5 million of ESF “to assist the central governments of countries named in the list required by paragraph (1) to improve budget transparency or to support civil society organizations in such countries that promote budget transparency.” Notable countries which receive U.S. assistance and do not publicly disclose a complete national budget include Egypt and Lebanon, for example. The Senate bill also includes specific conditions on Egypt’s military assistance that the Egyptian government must “provide civilian control over, and public disclosure of, the military and police budgets,” described in further detail on page 14.

MILLENNIUM CHALLENGE CORPORATION (MCC)

Both bills designate \$898.2 million for the Millennium Challenge Corporation (MCC), a renewal of the FY12-enacted level. In a recent signing ceremony with the Tunisian Ambassador to the United States Mohamed **Salah Tekaya**, Secretary **Hillary Clinton** [noted](#), “last fall, Tunisia became eligible for the Millennium Challenge Corporation’s [Threshold Program](#), which will support sustained, broad-based economic growth throughout the country.” The objective of a Threshold Program is to assist a country in becoming compact eligible by supporting targeted policy and institutional reforms. Furthermore, the MCC [signed](#) a five-year, \$275.1 million [compact](#) with Jordan in October 2010 and [signed](#) a five-year, \$697.5 million [compact](#) with the Kingdom of Morocco in August 2007. In the Senate Subcommittee markup hearing, Senator **Barbara Mikulski** (D-MD) [noted](#) the MCC account “will go a long way in part of this American power doing something.”

NATIONAL ENDOWMENT FOR DEMOCRACY (NED)

The House bill includes \$122 million for the National Endowment for Democracy, while the Senate bill allocates nearly double that amount - \$236 million. The Senate’s accompanying [committee report](#) notes that of the additional funds, \$2 million are specified for programming in Syria and \$1 million for Libya.

Furthermore:

“The Committee notes that the increase for the NED is offset by an equivalent decrease in the overall fiscal year 2013 budget request for democracy programs. The Committee recognizes the comparative advantages of the NED in the promotion of democracy and human rights abroad, particularly given its status as an NGO, unparalleled experience in promoting freedom during the cold war, and continued ability to conduct programs in the most hostile political environments. In many circumstances, the Committee recognizes the NED as a more appropriate and effective mechanism to promote democracy and human rights abroad than either the Department of State or USAID.”

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

The House bill designates \$25 million and the Senate bill designates \$31 million for the direct and guaranteed loan credit programs of the Overseas Private Investment Corporation (OPIC). Last year, the administration [announced](#), “OPIC will provide up to \$2 billion in financial support to encourage private sector investments in the Middle East and North Africa, building partnerships between U.S. and Arab businesses to promote growth, and regional job creation. OPIC will prioritize small and medium-sized enterprises and is prepared to grant proposed projects “fast track” approval status (provided due diligence requirements are met) to mobilize capital quickly.” For example, the State Department touted in a recent [press release](#) that OPIC is “working to invest roughly \$150 million in Tunisia.”

PROMOTION OF DEMOCRACY

The House bill designates a new allocation of \$2.8 billion and the Senate bill \$2.6 billion for “promotion of democracy,” defined as “programs that support good governance, human rights, independent media, and the rule of law, and otherwise strengthen the capacity of democratic political parties, governments, nongovernmental organizations and institutions, and citizens to support the development of democratic states, institutions, and practices that are responsive and accountable to citizens.” The Senate allocation for the promotion of democracy does not represent funding such programming at a lower level, but rather the reduction under this heading is redirected to funding under the headings Democracy Fund and the National Endowment for Democracy, as mentioned previously. Both bills also renew the clause that “[w]ith respect to the provision of assistance for democracy, human rights and governance activities in this Act, 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.”

“OPIC will provide up to \$2 billion in financial support to encourage private sector investments in the Middle East and North Africa, building partnerships between U.S. and Arab businesses to promote growth, and regional job creation.”

None of the funds appropriated or otherwise made available by title III [economic assistance] of this Act may be obligated for direct Government-to-Government assistance if such government is actively and significantly interfering with the operation of civil society organizations.

In addition, the House bill adds noteworthy new clauses, including:

(5) With respect to the provision of assistance to build institutional capacity of a government, assistance should only be available if such government is sincere in the pursuit of democracy.

(6) Funds appropriated by this Act that are made available to promote democracy and human rights shall also be made available to support freedom of religion, especially in the Middle East and North Africa.

(b) None of the funds appropriated or otherwise made available by title III [economic assistance] of this Act may be obligated for direct Government-to-Government assistance if such government is actively and significantly interfering with the operation of civil society organizations.

As noted in the House [committee report](#): “[i]n subsection (a), the Committee intends for the Department of State to determine a country’s sincerity by its performance on the indicators in the Millennium Challenge Corporation’s “Ruling Justly” category, and expects that a country receiving direct Government-to-Government assistance should show a positive trend of improvement on the overall Ruling Justly category over the past three years.” Based on a review of available MCC scorecards, this could potentially jeopardize assistance to Egypt, as the country received a “fail” rating on the Ruling Justly Category in FY2011 and FY2012 after receiving a “pass” rating on this category in FY2010.

Subsection (b) can be interpreted as conditions on Egypt’s ESF to end its campaign against international and domestic civil society organizations. The Senate bill also includes specific conditions on Egypt’s military assistance to allow civil society organizations to operate “without harassment or interference,” described in further detail on page 14.

RECONCILIATION PROGRAMS

Both bills allocate \$26 million for people-to-people reconciliation programs, which bring together individuals of different ethnic, religious and political backgrounds from areas of civil strife and war, of which \$10 million is designated for such programs in the Middle East.

TRANSITION INITIATIVES

The House bill designates approximately \$50 million² and the Senate bill designates \$59 million to “Transition Initiatives,” managed by the USAID Office of Transition Initiatives (OTI), “to support transition to democracy and to long-term development of countries in crisis [...] such support may include assistance to develop, strengthen, or preserve democratic institutions and processes, revitalize basic infrastructure, and foster the peaceful resolution of conflict.”

² The House bill contains an additional \$6.5 million for this activity for funding to Iraq, Afghanistan, and Pakistan in Title VIII

UNITED NATIONS HUMAN RIGHTS COUNCIL (UNHRC)

The House bill prohibits any funding “in support of the United Nations Human Rights Council unless the Secretary of State determines and reports to the Committees on Appropriations that participation in the Council is in the national security interest of the United States and that the Council is taking steps to remove Israel as a permanent agenda item.” As noted in the [committee report](#), the Appropriations Committee “also notes with disappointment the ascension to the UNHRC of countries with poor human rights records.” In contrast, the Senate provides funding for the UNHRC, after a report by the Secretary of State “that participation in the Council is in the national interest of the United States” and a report on the resolutions considered in the Council in the past year.

A [fact sheet](#) released by the U.S. State Department last year on “Key U.S. Accomplishments at the UN Human Rights Council 18th Session” touted, “U.S. engagement thus far has resulted in significant improvements to the Human Rights Council as a multilateral forum for promoting and protecting human rights.” The fact sheet notes U.S. success in suspending Libya from the Human Rights Council; the U.S. delegation subsequently [blocked](#) the candidacy of Syria to fill the seat vacated by Libya on the council. On Syria, the U.S. pointed to the “prompt formation of the Commission of Inquiry mandated at the August 2011 Special Session on Syria” as a major success of the body. And on Yemen, the “United States worked with delegations from Yemen and the Netherlands, as well as others on a consensus resolution that called for a rapid political transition and transfer of power, as outlined in the plan drawn up by the Gulf Cooperation Council.”

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

The House bill allocates \$1.02 billion³ for operating expenses of the United States Agency for International Development (USAID), while the Senate bill allocates \$1.28 billion.⁴ These funds are the costs of administration and operation for USAID, separate from the foreign assistance funds programmed by the agency. The Senate bill also specifies that not more than \$37 million should be dedicated to USAID operating expenses in Pakistan, and not more than \$12 million in Iraq.

UNITED STATES COMMISSION ON INTERNATIONAL RELIGIOUS FREEDOM (USCIRF)

The House bill includes \$3 million for the United States Commission on International Religious Freedom, while the Senate bill includes \$3.25 million. As noted in the House [committee report](#), the USCIRF “conducts independent reviews, reports on facts and circumstances of violations of religious freedom abroad, and recommends options for United States policies with respect to foreign countries engaging in or tolerating violations of religious freedom.”

U.S. engagement thus far has resulted in significant improvements to the Human Rights Council as a multilateral forum for promoting and protecting human rights.

³ The House bill contains an additional \$258 million for this activity for funding to Iraq, Afghanistan, and Pakistan in Title VIII

⁴ The Senate bill contains an additional \$109.8 million for this activity (of which \$63.8 million is for Afghanistan, \$5 million for Pakistan, and \$41 million for Iraq) in Title VIII

The House bill provides no funding for the Middle East and North Africa Incentive Fund, despite a \$770 million request from the administration. In contrast, the Senate bill surpasses the request, designating \$1 billion to the Fund.

UNITED STATES INSTITUTE OF PEACE (USIP)

The House bill includes \$37.4 million for the United States Institute of Peace, while the Senate bill includes \$38.2 million. Both figures represent a reduction from the FY12-enacted level of \$39 million.

WOMEN IN DEVELOPMENT

The House bill allocates \$20 million “for programs to improve women’s leadership capacity in recipient countries.” The House [committee report](#) notes that “empowering women to be leaders in their communities has transformative economic and social benefits.” In comparison, the Senate bill allocates \$50 million “for programs and activities to increase political opportunities for women in countries where women and girls suffer severe forms of discrimination due to law, policy, or practice, by strengthening protections for women’s political status, expanding women’s participation in political parties and elections, and increasing women’s access to leadership positions in government at the local, provincial, and national levels.”

MIDDLE EAST AND NORTH AFRICA INCENTIVE FUND

The House bill provides no funding for the Middle East and North Africa Incentive Fund, despite a \$770 million request from the administration. In contrast, the Senate bill surpasses the request, designating \$1 billion to the Fund. The Senate bill notes this assistance includes “programs and activities on empowering women and girls,” as well as “scholarships and public diplomacy programs, including educational and professional exchanges, broadcasting, and use of the Internet and social media to facilitate communication with and among the people of the region.” Further, the Fund may be used “for the costs of direct and guaranteed loans” for countries in the region, including debt rescheduling or cancelling. The Fund may also be drawn on for peacekeeping operations in the region, and funding may be transferred to multilateral assistance for contributions to International Financial Institutions. However, before any funding could be obligated for such activities, the bill requires the Secretary of State to consult with Committees on Appropriations.

Throughout the Senate bill, the Fund is mentioned as an available source of funding for: disarmament and reintegration of former members of foreign terrorist organizations into civilian society; an Egypt initiative to fund education, investment, and access to finance for small and medium enterprises; reducing Egypt’s national debt; women’s empowerment programs; and programs to respond to gender-based violence. As noted in the Senate [committee report](#), the Fund also includes funding for the Middle East Partnership Initiative (MEPI), reconciliation programs in Bahrain, democracy and rule of law programs in Libya, and additional loan guarantees for Tunisia.

In February, Deputy Secretary of State **Tom Nides** [described](#) the Middle East and North Africa Incentive Fund: “The notion is we’re in a new world. The Arab Spring has come; we need to make sure we have the tools and the flexibility in which to fund these initiatives. I cannot tell you today where that money will be spent because we’ll be, obviously, in consultation with the Hill. We’ll be coming up with initiatives that we’ll then be discussing with the Hill. But this is something we coordinated and talked a lot about with our friends on the Hill, the idea is to have some flexibility to support everything from Tunisia, to support areas like potentially in Egypt and in areas where things are changing every day in Syria, things where changing, the world is evolving as we see it, and we felt it was important to have a pool of money.”

Senate Foreign Relations Committee Chairman **John Kerry** (D-MA) has [supported](#) the Fund: “This is something that’s been percolating a long time on the Hill and in the administration and it’s really a no-brainer. We’re witnessing a period of historic change in the Middle East, and it’s impossible to predict what will happen next month, let alone next year, which is why the State Department should have the flexibility to deal with unforeseen contingencies. Positive incentives for economic and democratic reforms also make sense. American assistance in itself may not convince governments that are resisting reform to change, but in places that have already begun to chart a new course, like Tunisia, Egypt, and Libya, it can help empower moderates and reformers.” Ambassador to Syria **Robert Ford** has also [called](#) on Congress to support the Fund for the Syrian people, and USAID Administrator **Rajiv Shah** has [said](#) the Fund supports democratization in Arab countries at a critical time.

“The notion is we’re in a new world. The Arab Spring has come; we need to make sure we have the tools and the flexibility in which to fund these initiatives.”

MIDDLE EAST RESPONSE FUND

The House bill did not include funding for the Middle East and North Africa Incentive Fund, and instead provided \$200 million for a Middle East Response Fund. As noted in the House [committee report](#), \$175 million is designated for ESF and \$25 million for FMF “to promote regional peace and security, political and economic reform, and stabilization efforts in the Middle East and North Africa.” Further, the House specified that \$70 million should be designated for the Middle East Partnership Initiative (MEPI), \$5 million for USAID’s Office of Middle East Partnerships, and not less than \$50 million for Jordan. After these designations, this would leave only \$50 million in non-earmarked funds to respond to developments in the Middle East. As indicated by the title, the House bill represents a rejection of the administration’s request to establish a Middle East and North Africa Incentive Fund as a centerpiece of the President’s response to the dramatic political changes in the region. The Middle East Response Fund included in its place in the House bill would give the administration some funds to respond to developments in the short-term, but would not allow for the establishment of the new Incentive Fund initiative. In comparison, the Senate bill grants and surpasses the request, and provides the administration a much greater degree of regional flexibility and resources. The Fund will allow the administration to respond to events in the region and also to incentivize key allies to reform in exchange for potential increases in economic and military assistance.

“First, we know from past experience we need a fund of money that is flexible and easily deployed after consultation with Congress, as we did after the fall of the Soviet Union”

Skepticism of the Middle East and North Africa Incentive Fund has been voiced by many foreign policy leaders in the House. Rep. **Steve Chabot** (R-OH), chair of the Middle East and South Asia subcommittee, [said](#) in a recent hearing that money should not be substituted for thoughtful policy and the lack of details about how the Incentive Fund would operate make it more likely that the money would be wasted, which would enable “hasty and reckless policy”. Rep. Ileana **Ros-Lehtinen** (R-FL), chair of the House Foreign Affairs Committee, [expressed](#) concern in a recent hearing about the limited restrictions on the Incentive Fund.

In a February budget hearing, Rep. **Kay Granger** (R-TX) [said](#), “The subcommittee needs to understand why the budget proposes such a significant increase without a clear plan for how the funds will help these new and emerging democracies.” Ranking Member Rep. **Nita Lowey** (D-NY) also said there must be transparency when it comes to the purpose of the Incentive Fund. In response, Secretary of State **Hillary Clinton** said, “First, we know from past experience we need a fund of money that is flexible and easily deployed after consultation with Congress, as we did after the fall of the Soviet Union... Secondly, this past year there were a lot of circumstances that were coming up all the time that we had, in no way, predicted prior to the budget.” Having a flexible and accessible fund, according to Clinton, is necessary to commit to democratic change and effectively support in building institutions.

ALLOCATIONS BY COUNTRY

BAHRAIN

The House [committee report](#) “notes the importance of Bahrain to the United States regional security strategy. The Committee expects the Secretary of State to report to the Committees on Appropriations, not less than 60 days after enactment of this Act, on the steps taken by the Government of Bahrain to protect freedom of expression and association, and due process of law.”

In comparison, the Senate bill includes \$5 million from the Middle East and North Africa Incentive Fund “for programs and activities to promote reconciliation in Bahrain [...] a portion of such funds may also be used for programs to strengthen oversight and professionalism of the police forces of Bahrain.” Similar to the overall limitations on crowd control items noted before, the Senate bill prohibits any funds “for tear gas, armored vehicles, small arms, light weapons, ammunition, or other items for crowd control purposes, for the police or military forces of Bahrain. Furthermore, the Senate bill prohibits any funds used for these items “unless the Secretary of State certifies to the Committees on Appropriations that the Government of Bahrain

(A) has released persons convicted or charged with offenses involving peaceful expression, as well as those convicted on the basis of evidence that the defendant could not challenge or that was obtained as a result of torture;

(B) is protecting freedom of expression, association, and assembly; the right of political opposition parties, civil society organizations, and journalists to operate without harassment or interference; and due process of law; and

(C) is investigating and prosecuting Bahraini officials credibly alleged to have been involved in violations of human rights, including torture.”

EGYPT

Both bills include \$250 million for Economic Support Funds (ESF) for Egypt, including \$35 million for education programs, and \$1.3 billion for Foreign Military Financing (FMF).

However, each bill contains important differences in the conditions attached to Egypt’s assistance. The House bill first restricts Egypt’s ESF and FMF on a certification by the Secretary of State that the Government of Egypt is: “meeting its obligations under the 1979 Egypt-Israel Peace Treaty. Second, the Secretary of State must certify the Government of Egypt:

- i. has completed the transition to civilian government, including holding free and fair elections; and
- ii. is implementing policies to protect freedom of expression, association, and religion, and due process of law.

These conditions are almost identical to last year’s conditions, though before the Secretary of State could use the national security waiver on Egypt meeting its international obligations under the 1979 Egypt-Israel Peace Treaty and completing the democratic transition with free and fair elections and protecting basic freedoms. In this year’s House bill, the national security waiver is only applicable to Egypt’s commitment to democratic processes and freedoms, and cannot be applied if the Government of Egypt fails to uphold the peace treaty. Further, as noted in the House [committee report](#), “changes within Egypt over the last year necessitate additional oversight of these funds by the Congress.” This is a reference to a new clause which would require the administration to consult with Congress prior to issuing a national security waiver, if the Secretary were to elect to issue a waiver in FY13 as in FY12

In comparison, the Senate bill adds and expands several conditions on Egypt’s ESF and FMF. For the first time, the Senate bill contains new language requiring a report “concurrent with the fiscal year 2014 budget request, a comprehensive review of United States assistance for Egypt, including the strategic purposes and mechanisms for disbursing such assistance, and specific programs to be conducted in furtherance of security sector and other reforms.” Contrary to the House bill, the Senate bill provides a national security waiver on both Egypt’s commitment to democratic processes and freedoms, and the peace treaty with Israel.

“In this year’s House bill, the national security waiver is only applicable to Egypt’s commitment to democratic processes and freedoms, and cannot be applied if the Government of Egypt fails to uphold the peace treaty.”

The Senate bill also conditions Egypt’s FMF on a certification by the Secretary of State “that the Government of Egypt is a democratically elected civilian government that is implementing policies to:

- (A) provide civilian control over, and public disclosure of, the military and police budgets;
- (B) fully repeal the Emergency Law; and
- (C) protect judicial independence; freedom of expression, association, assembly, and religion; the right of political opposition parties, civil society organizations, and journalists to operate without harassment or interference; and due process of law.

“The Committee recognizes several factors contributing to this deficiency, including the relative lack of interest by the GoI for such activities, inadequate planning by the Department of State, and programmatic assumptions regarding shared bilateral interests that proved false.”

Finally, the Senate bill reduces Egypt’s ESF “by an amount equal to the amount that the Secretary of State determines and reports to the Committees on Appropriations was posted as bail in February 2012 for members of United States nongovernmental organizations.” At the full committee markup hearing, Senator **Lindsey Graham** (R-SC) pointed out the reduction in Egypt’s economic assistance by \$5 million to account for the bail money: “We got some of our money back.”

IRAQ

The Senate [committee report](#) notes:

The Committee notes the largely unsuccessful implementation of the police development program in Iraq, with the exception of activities conducted in northern Iraq. The Committee recognizes several factors contributing to this deficiency, including the relative lack of interest by the GoI for such activities, inadequate planning by the Department of State (including unnecessary construction at the Baghdad Police Academy Annex), and programmatic assumptions regarding shared bilateral interests that proved false. The Committee directs the Secretary of State to report to the Committee the findings of the Department’s review of the PDP, and to limit the expenditure of funds only for programs in northern Iraq. In order to be successful, the Committee expects GoI buy-in for the program, which should include cost-sharing, and a complete revision of goals and objectives at substantial savings to U.S. taxpayers. No funding is provided in this act for the PDP

In the subcommittee markup hearing, Senator **Lindsey Graham** (R-SC) [justified](#) the dramatic decrease in funding to Iraq as “throwing good money going after bad,” citing the deteriorating security situation especially in the case of the police development program. That said, the Senate bill does include \$582 million for assistance to Iraq, of which \$100 million is designated for ESF and \$450 million is designated for FMF.

The Senate bill restricts all assistance to Iraq on a certification that the Government of Iraq is “supporting free and fair elections and implementing policies to -

- A) publicly disclose the national budget, including for the military and police; and
- (B) protect judicial independence; freedom of expression, association, assembly, and religion; the right of political opposition parties, civil society organizations, women activists, and journalists to operate without harassment or interference; and due process of law.”

In comparison to the Senate bill, the House [committee report](#) includes full funding for the Iraq Police Development Program. Further, the House bill restricts any funding to “enter into a permanent basing rights agreement between the United States and Iraq” and limits Iraq FMF on a demonstrated commitment by the Government of Iraq to build the capacity of its security forces.

JORDAN

The bill allocates \$360 million in ESF for assistance to Jordan, as expected according to the current multi-year [Memorandum of Understanding](#) (MOU) governing U.S. assistance to Jordan. Both the House and the Senate also designated an additional \$50 million in ESF to Jordan. In the House subcommittee markup of the bill, Subcommittee Chair **Kay Granger** (R-TX) said in her [opening statement](#), “We direct the State Department to provide an additional \$50 million to help Jordan as they face ongoing unrest in the region. Jordan is a critical partner in the war on terrorism and time and again, Jordan proves to be a regional leader by bringing the Israelis and Palestinians back to the negotiating table. I applaud King Abdullah for his leadership, for making political reforms in Jordan, and his commitment to peace in the Middle East.” Her comments were [echoed](#) in the Senate Subcommittee markup by Ranking Member Senator **Lindsey Graham** (R-SC), citing the “overrun” of Syrian refugees and the role of King **Abdullah II** as a “moderating force” in the region. Both bills also authorize \$300 million in FMF for Jordan, without any restrictions.

LEBANON

The House bill restricts security assistance to Lebanon on a certification by the Secretary of State that “the Lebanese Armed Forces (LAF) is not headed, controlled by, or closely collaborating with Hezbollah or any other foreign terrorist organization,” a renewal of the conditions on Lebanon’s FMF from the FY12 Appropriations Act. The Senate bill contains a slight difference in language in restricting FMF “if the LAF is controlled by a foreign terrorist organization.”

We direct the State Department to provide an additional \$50 million to help Jordan as they face ongoing unrest in the region.

“The House bill supports funds that, “promote democracy, transparent and accountable governance, human rights, transitional justice, and the rule of law.””

LIBYA

The House [committee report](#) “directs the Secretary of the Treasury, in consultation with the Secretary of State, to report to the Committees on Appropriations on the amount of Qaddafi family assets that remain blocked by the United States Government pursuant to [Executive Order 13566](#).”

The House bill restricts any assistance to Libya on a certification by the Secretary of State that:

- “(A) that such funds shall only be made available to support programs that promote democracy, transparent and accountable governance, human rights, transitional justice, and the rule of law;
- (B) that such funds shall be made available, to the maximum extent practicable, on a cost-matching basis

The Senate bill includes this identical language, and also prohibits any funds to Libya “for infrastructure projects, except on a loan basis with terms favorable to the United States, and only following consultation with the Committees on Appropriations.”

MOROCCO

The House [committee report](#) highlights concern for the situation in the Western Sahara, noting, “the importance of redoubling diplomatic efforts to resolve the longstanding dispute over the Western Sahara, which can lessen the political unrest and economic crises that resulted from the conflict and the resolution of the protracted refugee situation in Algeria.”

The House [committee report](#) allocates \$8 million in FMF for Morocco, which is the same as the administration’s request. Additionally, “the Committee supports making additional funds available for Morocco from funds described under Middle East Response,” subject to notification.

In regards to Morocco’s military assistance, the Senate bill requires a report from the Secretary of State shall “on steps taken during the previous 12 months by the Government of Morocco to—

- (1) protect freedom of expression, association, and assembly regarding the status and future of the Western Sahara, and due process of law;
- (2) release prisoners of conscience;
- (3) support a human rights monitoring and reporting role for the United Nations Mission in Western Sahara in cooperation with the Office of the United Nations High Commissioner for Human Rights;
- (4) provide unimpeded access to human rights organizations, journalists, and representatives of foreign governments to the Western Sahara.”

OMAN

The House [committee report](#) allocates \$8 million in FMF for Oman, which is the same as the administration's request. Additionally, "the Committee supports making additional funds available for Oman from funds described under Middle East Response," subject to notification.

PALESTINIAN STATEHOOD

The House bill prohibits ESF funding to support the Palestinian Authority "if the Palestinians obtain, after the date of enactment of this Act, the same standing as member states or full membership as a state in the United Nations or any specialized agency thereof outside an agreement negotiated between Israel and the Palestinians," though contains a waiver on these provisions if the President certifies that "the Palestinians have entered into direct and meaningful negotiations with Israel." In comparison, the Senate bill contains no restrictions or references to Palestinian statehood.

SYRIA

The House [committee report](#) notes, the "Committee is troubled by the ongoing violence in Syria and notes that funds under this heading should continue to be made available to assist the Syrian people," subject to notification procedures. It also notes "[r]ecent events in the Middle East, from the Arab Spring and unrest in Syria to the continued transition in Iraq, have intensified the challenges facing minority communities, including Armenian and other Christian populations, within these areas of conflict, instability, and transition. The Committee urges the Secretary of State to continue support of humanitarian and resettlement assistance for members of these vulnerable communities." Finally, under the heading Syrian Refugees: "[a]s the situation in Syria deteriorates, the Committee urges the Department of State to work with neighboring countries to keep borders open to those fleeing violence and to provide access to schools and medical facilities." The Senate bill supports funds "be made available for activities to support civil society organizations that support democratic principles in Syria, including communications equipment and technical training" as well as "humanitarian relief for civilian victims of political violence in Syria."

Both bills prohibit any ESF or FMF funding "to finance directly any assistance or reparations for the governments of Cuba, North Korea, Iran, or Syria." As written, this language could be interpreted to restrict funding to the government of Syria, even if that government was one that emerged during FY2013 to replace the regime of the President of Syria Bashar al-Assad, and in that case could be interpreted to contradict support for assistance described above.

TUNISIA

The House [committee report](#) "notes the positive steps taken in Tunisia toward a peaceful democratic transition" and includes \$10 million in ESF and \$15 million for FMF. Additionally, "the Committee supports making additional funds available for Tunisia from funds described under Middle East Response," subject to notification. In comparison, the Senate bill includes \$39.1 million total funding in ESF and FMF for Tunisia.

"The Senate bill supports funds "be made available for activities to support civil society organizations that support democratic principles in Syria, including communications equipment and technical training."

“Since the revolution, the Obama administration has committed approximately \$190 million in total assistance to “support Tunisia’s transition, focusing heavily on technical and financial assistance to Tunisia’s economy and private sector.””

In a recent hearing at the House Foreign Affairs Committee, Secretary of State **Hillary Clinton** [supported](#) opportunities for democratic development in Tunisia. Since the revolution, the Obama administration has [committed](#) approximately \$190 million in total assistance to “support Tunisia’s transition, focusing heavily on technical and financial assistance to Tunisia’s economy and private sector.” In addition, Clinton recently [announced](#) an additional \$100 million cash transfer to the Government of Tunisia for short-term fiscal relief.

YEMEN

The House [committee report](#) prohibits any funds “for the Armed Forces of Yemen if such forces are controlled by a foreign terrorist organization.”

The Senate bill designates \$77 million total funding in ESF and FMF for Yemen. Both bills stress bilateral cooperation in counterinsurgency and counterterrorism efforts, and restrict any assistance to Yemen on a certification by the Secretary of State that the Armed Forces of Yemen “are not controlled by a foreign terrorist organization.”