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# U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2016 Request

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## Summary

This report is an overview of U.S. foreign assistance to the Middle East and North Africa. It includes a review of the President's FY2016 request for the region, a description of selected country programs, and an analysis of current foreign aid issues. We anticipate updating it annually.

Since 1946, the United States has provided an estimated total of between \$282 billion to \$292 billion (obligations in current dollars) in foreign assistance to the region. For FY2016, overall non-humanitarian bilateral aid requested for Middle East and North Africa countries amounts to \$7.14 billion, or about 13% of the State Department's International Affairs budget request. The State Department estimates that the Middle East stands to receive 35% of the geographically-specific assistance in the budget request, more than any other region. Like previous years' assistance levels to the region, more than 80% would support assistance for Israel, Egypt, Jordan, and the West Bank and Gaza.

The foreign aid data in this report is based on a combination of resources, including the United States Agency for International Development's *U.S. Overseas Loans and Grants Database* (also known as the "Greenbook"), appropriations data collected by the Congressional Research Service from the Department of State and USAID, data extrapolated from executive branch agencies' notifications to Congress, and information published annually in the State Department and USAID Congressional Budget Justifications.

In order to more accurately compare the Administration's FY2016 foreign assistance request to previous years' appropriations, aid figures in this report (except where otherwise indicated) refer only to bilateral assistance that is managed by the State Department or USAID and is requested for individual countries or regional programs. While this represents the majority of U.S. assistance to the Middle East, it is important to note that there are several other sources of U.S. aid to the region, such as International Disaster Assistance (IDA), Migration and Refugee Assistance (MRA), and Transition Initiatives (TI). Likewise, some nations receive assistance from U.S. agencies such as the Department of Defense, which is touched upon briefly below. Since foreign assistance provided through these accounts and agencies is not requested for individual countries, and country-level figures are not publicly available until after the fiscal year has passed, these accounts and agencies are excluded from this analysis. For foreign aid terminology and acronyms, see the glossary appended to the report.

On June 15, 2015, the House Appropriations Committee reported a FY2016 Department of State, Foreign Operations, and Related Programs Appropriations bill (H.R. 2772). On July 9, the Senate Committee on Appropriations reported its version of the bill (S. 1725). Both bills' accompanying committee reports (H.Rept. 114-154 and S.Rept. 114-79) include a number of Middle East-related provisions.

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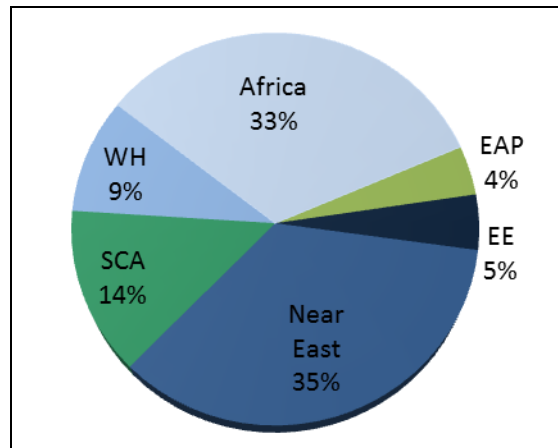
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## Introduction

This report is an overview of U.S. foreign assistance to the Middle East.<sup>1</sup> It includes a brief historical review of foreign aid levels, a description of specific country programs, and analysis of current foreign aid issues.<sup>2</sup> Congress authorizes and appropriates foreign assistance and conducts oversight of executive agencies' management of aid programs. As the largest regional recipient of U.S. economic and security assistance, the Middle East is perennially a major focus of interest as Congress exercises these powers.

**Figure 1. FY2016 Foreign Operations Request by Region**



**Source:** FY2016 budget roll-out documents provided by the State Department. Does not include administrative funds, Millennium Challenge Corporation (MCC), humanitarian assistance, or food aid.

**Notes:** WH = Western Hemisphere; SCA = South Central Asia; EE = Europe and Eurasia; EAP = East Asia and Pacific.

The foreign aid data in this report is based on a combination of resources, including the United States Agency for International Development's *U.S. Overseas Loans and Grants Database* (also known as the "Greenbook"), appropriations data collected by the Congressional Research Service from the Department of State and USAID, data extrapolated from executive branch agencies' notifications to Congress, and information published annually in the State Department and USAID Congressional Budget Justifications.

## Foreign Aid to Support Key U.S. Interests

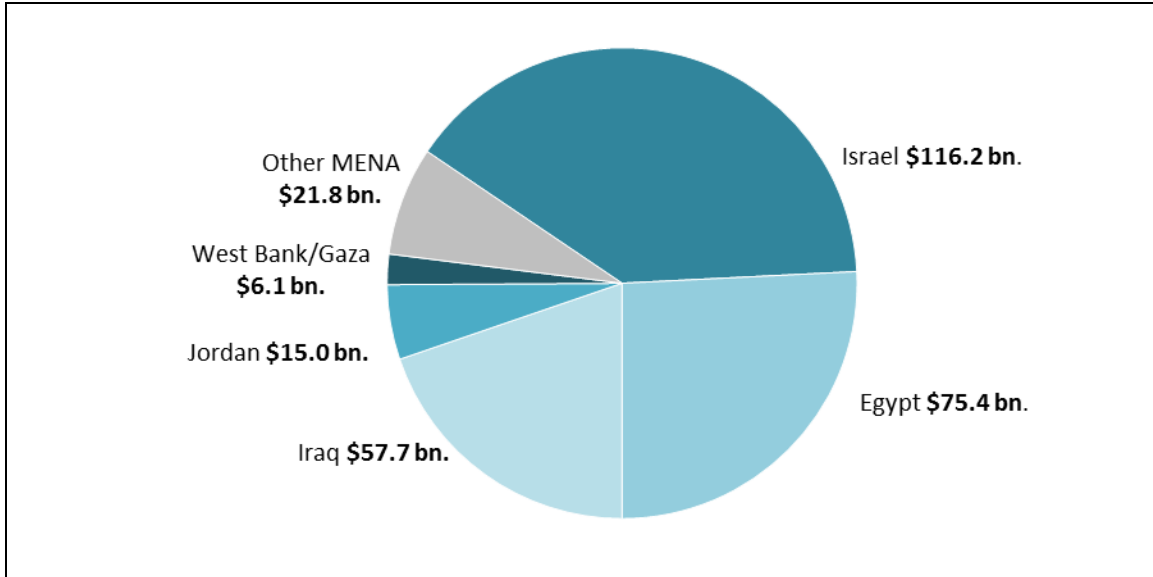
U.S. policymakers over time have identified a number of core interests in the Middle East that U.S. foreign aid to the region seeks to advance, ranging from support for the state of Israel and Israel's peaceful relations with its Arab neighbors, to the protection of vital energy supplies and the fight against international terrorism. U.S. foreign assistance continues to support the 1979

<sup>1</sup> For the purposes of this report, the Middle East region, or Near East, is defined as an area stretching from Morocco in the west to the Persian/Arabian Gulf in the east, but not including Turkey. It includes countries/political entities such as: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank & Gaza, and Yemen. Iran (since 1984) and Syria (since 1979) are prohibited from receiving U.S. bilateral aid because they are designated State Sponsors of Terrorism. See CRS Report R43835, *State Sponsors of Acts of International Terrorism—Legislative Parameters: In Brief*, by (name redacted).

<sup>2</sup> For assistance with foreign aid terminology and acronyms, please see the glossary appended to this report.

peace treaty between Israel and Egypt and the continued stability of the Kingdom of Jordan, which signed its own peace treaty with Israel in 1994. U.S. funding also has sought to promote a diplomatic “two-state” solution between the Palestinians and Israel, with legislative conditions aimed at preventing the diversion of U.S. aid for the West Bank and Gaza Strip to terrorist groups such as Hamas. The United States also provides military assistance to Iraq and Lebanon that seeks to counter Iranian influence in parts of the Arab world.

**Figure 2. U.S. Foreign Assistance Obligations to the Middle East: 1946-2013**  
(Unadjusted for inflation, current dollars)



Source: U.S. Agency for International Development (USAID), U.S. Overseas Loans and Grants.

## Continuity and Change in U.S. Foreign Aid to the Region

While core interests endure, new policy challenges have arisen during the period of upheaval that began across the Arab world in 2011. Since that wave of unrest started a number of governments have fallen or come under severe strain, political conflict and sectarian violence have spread, and economies across the region have weakened. At present, Iraq, Syria, Libya, and Yemen face civil wars and terrorist/insurgent violence that are eroding central governance in each country and threatening neighboring states. Across the region, local affiliates of either Al Qaeda or the Islamic State (IS, also known as ISIL, ISIS, or Daesh) are fighting security forces and/or tribal militias in battles that may reshape the map of the modern Middle East. To date, only Tunisia appears to have made continuing strides toward a stable democratic political system, and even Tunisia’s gains are considered fragile due to its weak economy and continued terrorist violence.

Questions over the type and amount of resources the United States should devote to tackling the region’s problems continue to be debated by Congress. On the one hand, U.S. bilateral assistance to the region has remained relatively unchanged since before 2011. The leading recipients of bilateral foreign aid appropriations in FY2010 —Israel, Egypt, Jordan, the Palestinians, and Iraq—remain, with the exception of Iraq, the same leading bilateral aid recipients in FY2015.<sup>3</sup>

<sup>3</sup> In FY2010, due to the continued U.S. troop presence, Iraq received the second highest amount of total U.S. assistance (\$2.738 billion) of any country in the Middle East after Israel.

This continuity reflects, among other things, strong Congressional support for Israel and for peace between Israel and its neighbors.

On the other hand, violence in Syria and Iraq has led to some significant changes in U.S. foreign assistance to the region, as the Administration and Congress have used new sources of funding beyond traditional bilateral or State Department/USAID-controlled accounts to address challenges created by these conflicts.<sup>5</sup> Since FY2012, Congress has appropriated and the Administration has allocated or reprogrammed a total of more than \$4 billion for the multilateral humanitarian response to the Syrian refugee crisis. Moreover, to cope with the challenge posed by the Islamic State, Congress has authorized and appropriated new funding to the region through Defense Department-administered security assistance accounts. In the 113<sup>th</sup> Congress, lawmakers provided the Defense Department with three new train and equip (T&E) authorities to counter the Islamic State: (1) the global Counter-Terrorism Partnerships Fund (CTPF); (2) Iraq T&E authority; and (3) Vetted Syrians T&E authority. Funding for these new accounts has come from either new appropriations or authorized reprogramming from Defense Department accounts. Overall, the conflicts in Syria and Iraq account for a greater share of regional foreign assistance due to increases in humanitarian spending, military assistance to Iraq, aid to the Syrian opposition, and aid to neighboring states such as Lebanon and Jordan. For FY2016, the Administration is seeking \$3.45 billion in combined State Department and Defense Department funding (military and economic) to cope with the conflicts in Syria and Iraq (See “Syria, Iraq, and the Islamic State,” below).<sup>6</sup>

Amid this continuity and change in U.S. foreign assistance to the Middle East, future appropriations may be affected by two broader considerations:

- **Domestic-Budgetary.** Due to the wars in Afghanistan and Iraq, the overall foreign operations budget increased significantly during the Bush Administration. For the seven-year duration of the Obama Administration, total State Department,

### Defense Department Security Assistance to the Middle East

Over the past decade, the U.S. Department of Defense (DOD) has become more involved in training and equipping foreign military forces, particularly in the Middle East and Africa. Congress established “Section 1206” in the National Defense Authorization Act (NDAA) for Fiscal Year 2006 as DOD’s global T&E authority and codified an amended version as 10 U.S.C. 2282, in the FY2015 NDAA, Section 1205. This authority enables DOD, with the Secretary of State’s concurrence, to train and equip foreign military and security forces. Originally a transfer authority with a level not to exceed \$200 million, the 1206 funding account has become a major source of overt U.S. military aid to the region. To date, Yemen (\$386 million), Tunisia (\$49 million), Lebanon (\$141 million), Jordan (\$28 million), Libya (\$6.3 million), and Iraq (\$435k) have all been recipients of 1206-2282 aid.

Another DOD security assistance account that is providing counterterrorism aid to the security forces of various Middle Eastern governments is the Counterterrorism Partnerships Fund (CTPF).<sup>4</sup> For FY2015, the Defense Department has notified Congress of its intent to spend CTPF funds supporting the following countries: \$76.93 million for Jordan, \$59 million for Lebanon, and \$14 million for Tunisia. CTPF funds must be spent under existing authorities (e.g., 1206-2282).

<sup>4</sup> The CTPF was authorized by Section 1510 of the FY2015 National Defense Authorization Act (P.L. 113-291). Congress appropriated funds for the CTPF in the FY2015 Omnibus Appropriations Act, P.L. 113-235).

<sup>5</sup> Though it is worth noting that during the Iraq War that lasted from FY2003 until the withdrawal of U.S. troops in FY2012, the United States provided \$56.28 billion in total military and economic aid to Iraq, much of it from accounts outside State-Foreign Operations Appropriations.

<sup>6</sup> The Administration also is requesting an additional \$2.49 billion in regional funding for the Counter-Terrorism Partnership Fund (CTPF). See CRS Report R43612, *The “Islamic State” Crisis and U.S. Policy*, by (name redacted) et al.

Foreign Operations, and Related Programs funding has been fairly flat, averaging \$51 billion a year (enduring + OCO) since FY2009.<sup>7</sup> In order to respond to myriad regional crises within a relatively static budgetary environment, officials have relied on foreign aid funds from accounts designated as Overseas Contingency Operations or OCO.<sup>8</sup> These accounts are not subject to the budget caps applicable to most other accounts that were established by the Budget Control Act of 2011 (BCA, P.L. 112-25).<sup>9</sup> In recent years, new bilateral aid to Iraq, the Syrian opposition, and Jordan has been designated as OCO, as has a significant portion of funding for multilateral accounts (IDA, MRA, and ERMA) used in response to humanitarian crises, such as the Syrian refugee crisis. As lawmakers consider FY2016 funding and the possible impact of the BCA on discretionary spending, the House version of the State Department, Foreign Operations, and Related Programs bill (H.R. 2772) would provide \$47.8 billion in total funding (enduring + OCO).

- **Global-Financial.** As the financial needs of the region's non-oil producers have dramatically increased in recent years (due to the 2008 global financial crisis and the Arab Spring), lawmakers have provided grant assistance and/or loan guarantees<sup>10</sup> to complement other loan packages provided by multilateral institutions such as the International Monetary Fund (IMF). The IMF has provided loans to Morocco (\$5 billion in 2014), Tunisia (\$1.75 billion in 2013), Jordan (\$2.1 billion in 2012), and Yemen (\$550 million in 2014). These funds have been provided on the condition of economic reforms. Although these loans, totaling over \$9 billion, are disbursed over multiple years, they represent a far larger commitment of economic resources to the region than annual U.S. bilateral aid. The oil-rich Arab Gulf states also have dramatically increased their aid to the Middle East region, largely with the political goal of countering Islamist influence in regional politics and ensuring regime continuity in places such as Egypt. Gulf countries have given an estimated \$30 billion to Egypt since the military ousted the country's then-president Muhammad Morsi, of the Egyptian Muslim Brotherhood-affiliated party, in July 2013. Iran also provides a range of assistance to its allies in the region, including Syria and Lebanese Hezbollah.

## The FY2016 Funding Request for the Middle East

For FY2016, the Administration has requested overall non-humanitarian bilateral aid for Near East and North Africa countries totaling \$7.14 billion, or about 13% of the State Department's

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<sup>7</sup> See Table 2, CRS Report R43901, *State, Foreign Operations, and Related Programs: FY2016 Budget and Appropriations*, by (name redacted), (name redacted), and (name redacted).

<sup>8</sup> First requested by the Department of State in FY2012, Overseas Contingency Operations (OCO) funds are extraordinary, temporary funding for front line states, primarily Iraq, Afghanistan, Pakistan, and (more recently) Syria. OCO funds are distinguished from permanent ongoing, base, or "enduring" costs. See <http://cdbapps.crsdomain.loc.gov/MIS/products/36461>, CRS In Focus IF10143, *Foreign Affairs Overseas Contingency Operations (OCO): Background and Current Status*, by (name redacted).

<sup>9</sup> Prior to OCO, the Bush Administration referred to the Defense and State Departments' budgetary costs arising from the wars in Afghanistan and Iraq as coming from the Global War on Terror (GWOT). Congress provided funds for GWOT using both annual and supplementary appropriations.

<sup>10</sup> Congress has provided economic aid (\$79 million) to Tunisia for the cost of two sovereign loan guarantees (in 2012 and 2014) that enabled Tunisia to raise nearly \$1 billion on the international bond market. Congress provided Jordan \$192 million in support of two loan guarantees (in 2013 and 2014) that enabled Jordan to raise \$2.25 billion in capital.



International Affairs request.<sup>11</sup> This would represent an increase of \$365.1 million (+5.4%) over FY2014 actual funding levels, and an increase of \$570.62 million (+8.7%) above the FY2015 requested funding.<sup>12</sup> Similar to FY2013 and FY2014 assistance levels to the region, more than 80% of this FY2016 total would support assistance for Israel, Egypt, Jordan, and the West Bank and Gaza.

## **Bilateral Aid**

Budget accounts that provide non-humanitarian U.S. aid to Middle Eastern countries include Development Assistance (DA), Global Health Programs (GH), Economic Support Fund (ESF), International Narcotics Control and Law Enforcement (INCLE), Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR), International Military Education and Training (IMET), Foreign Military Financing (FMF), and Peacekeeping Operations (PKO). Of the non-humanitarian bilateral aid to Middle Eastern countries, 95% is within the ESF and FMF accounts.

Also within the overall FY2015 and FY2016 requests, but not allocated by country or region, is emergency humanitarian aid, largely within Migration and Refugee Assistance OCO (MRA-OCO) and International Disaster Assistance OCO (IDA-OCO) accounts.

OCO funds within the foreign affairs FY2016 request include \$873.4 million for Middle Eastern bilateral aid (up 5.7% over bilateral OCO funds in FY2014) and \$1.63 billion for humanitarian aid for the crisis in Syria and Iraq. Combined, these OCO funds would comprise one-third of all OCO funds sought for FY2016. For FY2015, Congress did not provide specific OCO funds for countering the Islamic State, as was requested, but did provide an increase in OCO funds in many accounts by using wording such as “for other assistance,” “for other areas of unrest,” or “for extraordinary costs, including those resulting from conflict” that could be applied to Middle Eastern countries.

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<sup>11</sup> On February 2, 2015, the Obama Administration submitted its FY2016 budget to Congress. The International Affairs budget request totals \$54.99 billion. Of this amount, \$7.05 billion is designated as OCO.

<sup>12</sup> FY2015 estimates are not yet available. The FY2015 and FY2016 requests do not include humanitarian assistance that likely would change these percentages.

**Table I. U.S. Bilateral Non-Humanitarian Foreign Assistance, by Country, FY2014 Actual, FY2015 and FY2016 Requests**

(In current \$ thousands)

Country	FY2014 actual	FY2015 request	FY2015 Actual	FY2016 request
Algeria	2,646	2,600	2,600	2,550
Bahrain	10,972	8,751	8,751	8,600
Egypt	1,505,920	1,506,300	1,455,800	1,456,300
Iraq	367,633	308,760	211,260	355,360
Israel	3,100,000	3,100,000	3,100,000	3,100,000
Jordan	1,010,288	671,000	1,011,000	1,000,000
Lebanon	166,000	155,210	166,327	210,510
Libya	5,901	6,250	4,500	20,000
Morocco	34,183	30,900	38,372	31,600
Oman	11,511	7,400	7,400	5,500
Saudi Arabia	9	10	10	10
Syria <sup>a</sup>	8,250	155,000	35,000	255,000
Tunisia	57,779	65,980	61,380	134,400
West Bank & Gaza	440,000	441,000	361,334	442,000
Yemen <sup>b</sup>	50,029	106,450	35,028	114,400
<b>Total</b>	<b>6,771,121</b>	<b>6,565,611</b>	<b>6,498,762</b>	<b>7,136,230</b>

**Source:** International Affairs Congressional Budget Justification, FY2016, Foreign Assistance Summary Tables, FY2015 653(a) Report to Congress, and CRS calculations.

**Notes:** Funding levels in this table include both enduring (base) and Overseas Contingency Operation (OCO) funds. n.a.=not available

- a. According to March 10, 2015 communication with the Department of State’s Bureau for Foreign Assistance (“F Bureau”), the FY2016 bilateral aid request by country does not include \$1.63 billion for Iraq and Syria-related humanitarian assistance. MRA and IDA funds are not allocated by country prior to obligation, and OCO funds have not been estimated by country, but the Department of State expects the \$1.63 billion expenditure for humanitarian needs in Syria and neighboring countries.
- b. Food for Peace (FFP) is not included in this table as it is considered humanitarian assistance (and is funded within the agricultural appropriations). FY2014 aid to Yemen would more than double if Food for Peace were added. Others in the region that received FFP are Algeria and West Bank & Gaza.

## Regional Program Aid

In addition to assistance provided directly to certain countries, the United States provides aid to Middle Eastern countries through regional programs, including:

- **Middle East Regional (MER).** A USAID-managed program funded by ESF, MER supports programs that work in multiple countries on issues such as women’s rights, public health, water scarcity, and education. For FY2016, the Administration is requesting \$40 million in ESF funding for MER. In recent years, USAID has allocated \$15 million to \$20 million annually for MER.

- **Near East Regional Democracy (NERD).** A State Department-managed program funded through ESF, NERD promotes democracy and human rights in Iran (though there is no legal requirement to focus exclusively on Iran). NERD programming for Iranian activists takes place outside the country due to the clerical regime's resistance to opposition activities supported by foreign donors. For FY2016, the Administration is requesting \$30 million in ESF for NERD. In recent years, NERD has been funded between \$30 million and \$40 million annually.
- **Middle East Regional Cooperation (MERC).** A USAID-managed program funded through ESF, MERC supports research and development cooperation between Israel and its Arab neighbors, including the West Bank/Gaza. First established in an amendment to the Foreign Operations bill in 1979, MERC was designed to encourage cooperation between Egyptian and Israeli scientists. Today, MERC is an open-topic, peer-reviewed competitive grants program that funds joint Arab-Israeli research covering the water, agriculture, environment, and health sectors. For FY2016, the Administration is requesting \$5 million in ESF for MERC. The program receives anywhere from \$1.5 million to \$5 million annually.
- **Middle East Multilaterals (MEM).** A small State Department-managed program funded through ESF, MEM supports initiatives aimed at promoting greater technical cooperation between Arab and Israeli parties, such as water scarcity, environmental protection, and renewable energy. For FY2016, the Administration is requesting \$1.4 million in ESF for MEM. The program has been funded close to that level annually.
- **Trans-Sahara Counter-Terrorism Partnership (TSCTP).** A State Department-led, interagency initiative funded through multiple foreign assistance accounts, TSCTP supports programs aimed at improving the capacity of 11 countries in North and West Africa to counter terrorism and prevent Islamist radicalization. Three North African countries participate in TSCTP—Tunisia, Algeria, and Morocco—but the majority of funding has been implemented in West Africa's Sahel region to date. For FY2016, the Administration is requesting a total of \$69.8 million for TSCTP from multiple accounts. Of this, \$13.4 million is requested specifically for the "Near East" (North African) countries (\$5 million in ESF, \$2 million in INCLE, and \$6.4 million in NADR), and an additional \$19.1 million is requested in PKO for both sub-Saharan and North African participant countries. In past years, actual funding allocations for TSCTP have often surpassed the Administration's request for a given year, in part because regionally- and centrally-budgeted funds have been used for some TSCTP programs.

## Other Foreign Aid Programs

### Millennium Challenge Corporation in the Middle East and North Africa<sup>13</sup>

The Millennium Challenge Corporation (MCC) is an independent agency created by Congress in 2004 that selects the countries that receive its assistance using a methodology determined largely by a country's performance in relation to the other candidate countries in the same income group in three categories of behavior—ruling justly, investing in people, and economic freedom.

In the Middle East and North Africa, Morocco (2007 and 2015) and Jordan (2010) have both been awarded MCC grants, known as compacts.<sup>14</sup> In 2007, Morocco signed a five-year \$697.5 million agreement with the MCC focused on assisting the private agricultural and tourism sectors. Morocco's second compact, anticipated at \$480 million, would address secondary education and industrial land reform, including privatization and regulatory concerns.

In September 2010, the MCC approved a five-year, \$275.1 million compact with Jordan to increase the supply of water available to households and businesses in the cities of Amman and Zarqa. The compact also is working to help improve the efficiency of water delivery, wastewater collection, and wastewater treatment.

Despite widespread praise for the MCC's performance-based methodology of selecting aid recipients, some critics have charged that countries that score poorly on democratic indicators should be ineligible for MCC aid. Freedom House, the organization whose annual Index of Freedom is used by the MCC for two of the "Ruling Justly" indicators, urged the MCC board to bypass countries that had low scores on political rights and civil liberties. It argued that countries like Jordan,<sup>15</sup> that fall below 4 out of a possible 7 on its index, should be automatically disqualified. Jordan, however, did well on 3 of the 6 other indicators in this category. Several development analysts further argued that Jordan should not be eligible, asserting that it is already one of the largest recipients of U.S. aid, has access to private sector capital, and is not a democracy.

### Democracy Promotion & The Middle East Partnership Initiative

For nearly fifteen years, from the terrorist attacks of September 11, 2001, throughout the Bush Administration's "Freedom Agenda," to the "Arab Spring" of 2011 and beyond, officials, lawmakers, and policy advocates have debated the costs and benefits of funding democracy promotion in the Arab world. The 9/11 attacks reoriented U.S. policy, as Americans considered possible links between authoritarianism and terrorism, and successive Administrations and Congress began to devote more diplomatic attention and programmatic funding toward the promotion of democracy in the Middle East. At the height of the Arab Spring, U.S. funding for democracy promotion became an increased source of acrimony in countries such as Egypt, as remnants of the former regime accused the United States of interfering in domestic affairs, supporting Islamists, and undermining military rule.

In 2015, as the Arab world continues to experience violent upheaval and a resurgence of authoritarian rule, the U.S. foreign policy community is once again debating the funding of

<sup>13</sup> For more information on the MCC, see CRS Report RL32427, *Millennium Challenge Corporation*, by (name redacted)

<sup>14</sup> Morocco's second compact is expected to be awarded in 2015.

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

democracy promotion in the context of overall U.S. interests and whether the current state of the region makes it more or less conducive to reform-related activities.

Within the interagency process directed by the White House, there is no single U.S. government agency or office responsible for coordinating democracy promotion in the Middle East. According to the Project on Middle East Democracy, a non-governmental organization, for FY2016 the Administration is requesting a total of \$442 million<sup>16</sup> for democracy and governance activities in the Middle East and North Africa across all bilateral and multilateral accounts, though most of that assistance is channeled bilaterally. U.S. funding for democracy promotion in the Middle East also comes from the State Department's Bureau of Democracy, Human Rights, and Labor (DRL), USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance, USAID's Middle East Regional Program, and the National Endowment for Democracy.

### ***The Middle East Partnership Initiative (MEPI)***

MEPI is an office within the Bureau for Near Eastern Affairs at the U.S. State Department that specifically supports political reform, women's and youth empowerment, quality education, and promoting economic opportunity in the Arab world. Since its inception in 2002, Congress has allocated an estimated \$913.4 to \$960.6 million in Economic Support Funds for MEPI.

One of MEPI's contributions to U.S. democracy promotion in the Arab world has been to directly fund indigenous non-governmental organizations (NGOs) throughout the Middle East and North Africa. MEPI's Local Grants Program awards grants to NGOs throughout the Middle East in order to build capacity for small organizations.<sup>17</sup> However, in countries with legal restrictions prohibiting foreign funding of local NGOs, U.S. officials and grant recipients may weigh the potential risks of cooperating with one another. Between 2011 and 2013, Egypt arrested and convicted local and foreign NGO workers working on election monitoring, political party training, and government transparency in Egypt.<sup>18</sup>

For FY2016, the State Department is requesting \$70 million in ESF funding for MEPI. Since its inception, annual allocations for MEPI have averaged approximately \$76-80 million per fiscal year. In 2015, MEPI received \$40.8 million. In its FY2016 request to Congress, the State Department aims to continue spending approximately \$8.5 million in direct support to local civil society organizations through MEPI's Local Grants Program. MEPI also has adopted performance monitoring and program evaluations for its ongoing projects.<sup>19</sup>

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<sup>16</sup> Project on Middle East Democracy (POMED), *The Federal Budget and Appropriations for Fiscal Year 2016, Democracy, Governance, and Human Rights in the Middle East and North Africa*, May 2015.

<sup>17</sup> Other ongoing MEPI programs include the Tomorrow's Leaders Scholarship Program, which provides scholarships for students across the Arab world. MEPI also funds a mid-career training program called the Leaders for Democracy Fellowship program, which provides professionals with training in democracy studies and political mobilization.

<sup>18</sup> Using the appropriations process, Congress has acted to ensure that "democracy and governance activities shall not be subject to the prior approval by the government of any foreign country." Originally referred to as the Brownback amendment, this legislative language began in reference to Egypt, but was expanded in FY2009 to include "any foreign country." See Section 7043 (k) of P.L. 111-8. This provision has been carried over in Section 7032 of P.L. 113-235, the FY2015 Consolidated Appropriations Act.

<sup>19</sup> For examples of recent evaluations, see Congressional Budget Justification, Foreign Operations, Appendix 3, FY2016.

## Major Country Recipients

### Israel<sup>20</sup>

Israel is the largest cumulative recipient of U.S. foreign assistance since World War II. To date, the United States has provided Israel \$124.3 billion (current, or non-inflation-adjusted, dollars) in bilateral assistance. Almost all U.S. bilateral aid to Israel is in the form of military assistance, although in the past Israel also received significant economic assistance. Israel is also the largest recipient of U.S. Foreign Military Financing (FMF). For FY2016, the President's request for Israel would encompass approximately 53% of the total requested FMF funding worldwide.

Strong congressional support for Israel has resulted in Israel receiving benefits not available to any other countries. For example, most U.S. military assistance is required to be used to purchase equipment from U.S. manufacturers, but Israel can use some U.S. military assistance both for research and development in the United States and for military purchases from Israeli manufacturers. U.S. assistance earmarked for Israel is generally delivered in the first 30 days of the fiscal year, while most other recipients normally receive aid in installments. Israel is also permitted to use cash flow financing for its U.S. arms purchases.<sup>21</sup> In addition to receiving U.S. State Department-administered foreign assistance, Israel receives funds from annual defense appropriations bills for rocket and missile defense programs. Israel engages in varying levels of cooperation with the United States regarding each of these programs.

In 2007, the Bush Administration and the Israeli government agreed to a 10-year, \$30 billion military aid package for the period from FY2009 to FY2018. There have been reports indicating that U.S.-Israeli discussions have been held regarding a possible future ten-year aid deal beyond FY2018.

**Table 2. U.S. Bilateral Foreign Assistance to Israel: FY2011-FY2015 and FY2016 Request**

(in current \$ millions)

Account	FY2011	FY2012	FY2013	FY2014	FY2015 Estimate	FY2016 Request
FMF	3,000.0	3,075.0	2,943.234	3,100.0	3,100.0	3,100.0

### Egypt<sup>22</sup>

Between 1948 and 2015, the United States provided Egypt with \$76 billion in bilateral foreign aid (calculated in current dollars—not adjusted for inflation), including \$1.3 billion a year in military aid from 1987 to the present. Egypt receives the bulk of its foreign aid funds from three primary accounts: FMF, ESF, and IMET. For FY2016, the President requested that Congress appropriate \$1.3 billion in military assistance for Egypt. The President also is asking Congress to provide \$150 million in economic aid, the same amount Congress appropriated in FY2015. The \$150

<sup>20</sup> For more information, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by (name redacted) .

<sup>21</sup> Cash flow financing is the financial mechanism that enables foreign governments to pay for U.S. defense equipment in partial installments over time rather than all at once. For more information, see CRS Report R44060, *Ending Cash Flow Financing to Egypt: Issues for Congress*, by (name redacted) .

<sup>22</sup> For more information, see CRS Report RL33003, *Egypt: Background and U.S. Relations*, by (name redacted) .

million FY2015 ESF appropriation was the lowest amount of bilateral economic grant assistance appropriated for Egypt since 1978.

Since the Egyptian military’s 2013 ouster of former President Mohammed Morsi, the Administration and some lawmakers have focused on conditioning aid to Egypt. P.L. 113-235, the FY2015 Consolidated Appropriations Act, contains a number of provisions and conditions on U.S. assistance to Egypt that are similar to what Congress included in FY2014 (P.L. 113-76), with one significant exception: Section 7041(a)(6)(C) authorizes the Secretary of State to provide assistance to Egypt, notwithstanding various certification requirements specified both in the FY2015 Act and in the FY2014 Act, if the Secretary determines that it is important to the national security interest of the United States to provide such assistance. The Secretary of State exercised this waiver on May 12, 2015.

**Table 3. U.S. Bilateral Foreign Assistance to Egypt: FY2011-FY2015 and FY2016 Request**

(in current \$ millions)

Account	FY2011	FY2012	FY2013	FY2014	FY2015 Estimate	FY2016 Request
FMF	1,297.400	1,300.000	1,234.259	1,300.000	1,300.000	1,300.0
ESF	249.500	248.000	241.032	200.000	150.000	150.000
IMET	1.275	1.389	0.474	—	1.700	1.800
INCLE	1.000	1.000	5.001	3.000	1.000	2.000
NADR	4.600	4.100	3.449	—	3.600	—
Total	1,553.775	1,554.489	1,484.215	1,503.0	1,456.3	1,453.8

## Jordan<sup>23</sup>

Total U.S. aid to Jordan from FY1951 through FY2015 amounted to approximately \$15.83 billion. On February 3, 2015, the U.S. and Jordanian governments signed a non-binding Memorandum of Understanding (MOU) whereby the Administration agreed, subject to the approval of Congress, to provide a total of \$1 billion in annual foreign assistance to Jordan from FY2015 to FY2017.

Thus, for FY2016, the Administration is requesting nearly \$1 billion in total aid for Jordan. The United States provides economic aid to Jordan as both a cash transfer to its government and for USAID programs in Jordan. The Jordanian government uses cash transfers to service its foreign debt and offset the costs of supporting hundreds of thousands of Syrian refugees now residing in the kingdom. ESF funds have also been used to support loan guarantees for Jordan. U.S. military assistance is primarily directed toward enabling the Jordanian military to procure and maintain conventional weapons systems. FMF grants to Jordan enable its Air Force to maintain a modest fleet of F-16 fighters and purchase Advanced Medium Range Air-to-Air Missiles (AMRAAM). FMF grants also provide financing for Jordan’s acquisition of U.S. Blackhawk helicopters in order to enhance Jordan’s border monitoring and counterterrorism capability.

<sup>23</sup> For more information, please see CRS Report RL33546, *Jordan: Background and U.S. Relations*, by (name redacted).

**Table 4. U.S. Bilateral Foreign Assistance to Jordan: FY2011-FY2015 and FY2016 Request**

\$'s in millions

Account	FY2011	FY2012	FY2013	FY2014	FY2015 Estimate	FY2016 Request
FMF (+OCO)	299.4	300.0	284.829	300.0	300.0	350.0
ESF (+OCO)	362.0	460.0	564.404	700.0	700.0	637.35
IMET	3.7	3.7	3.608	3.58	3.8	3.8
Total	665.1	763.7	852.904	1,003.58	1,003.8	991.2

**Note:** This table does not include funding from the Defense Department to Jordan for costs associated with the Syrian civil war and Operation Inherent Resolve against the Islamic State.

## West Bank and Gaza<sup>24</sup>

Since the establishment of limited Palestinian self-rule in the West Bank and Gaza in the mid-1990s, the U.S. government has committed more than \$5 billion in bilateral assistance to the Palestinians. Annual appropriations legislation makes aid to Palestinians subject to a number of conditions, restrictions, and audit and reporting requirements (see below).<sup>25</sup>

Presumably due to political concerns stemming from Israeli-Palestinian disputes, little or no bilateral assistance has been obligated since FY2014.<sup>26</sup> From FY2007 to FY2013, the Bush and Obama Administrations have provided a significant amount (usually averaging between \$100 and \$200 million annually) of ESF for the West Bank and Gaza as budgetary assistance for the specific purpose of paying PA creditors, with the remainder used for USAID-administered programs. Future executive branch plans to obligate funds, including whether any such funds might be devoted to PA budgetary assistance, are unclear.<sup>27</sup>

Currently most, if not all, bilateral funds for Gaza, which remains subject to Hamas security control despite nominal PA governing power, are dedicated to humanitarian assistance and economic recovery needs. Beyond bilateral assistance, U.S. assistance for the humanitarian needs of Palestinian refugees in Gaza, the West Bank, Jordan, Lebanon, and Syria is provided through the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) via the MRA account.<sup>28</sup>

<sup>24</sup> For more information, see CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by (name redacted) CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by (name redacted)

<sup>25</sup> Current conditions and restrictions for FY2015 are contained in the Consolidated Appropriations Act, 2015 (P.L. 113-235), Secs. 7036-7040 and 7041(i)(2).

<sup>26</sup> On July 31, 2015, USAID notified Congress (via FY2015 Congressional Notification #132) that USAID/West Bank and Gaza was selected to receive \$500,000 in FY 2014 DA funding for Women, Peace, and Security (WPS) and \$600,000 in FY 2014 ESF funding for Disability Programs (DP).

<sup>27</sup> PA budgetary assistance is not explicitly contemplated in the State Department's FY2016 Congressional Budget Justification (CBJ), as it had been in previous years, though the CBJ states as one of its objectives the "[f]iscal sustainability of the Palestinian Authority, including from economic growth and support for the private sector." FY2016 State Department Foreign Operations CBJ, Appendix 3, p. 206. The FY2016 CBJ also states, "In prior years, budget support to the PA helped ensure its ongoing viability." Ibid, p. 204.

<sup>28</sup> For FY2014, aggregate U.S. contributions to UNRWA from the Migration and Refugee Assistance (MRA) and (continued...)



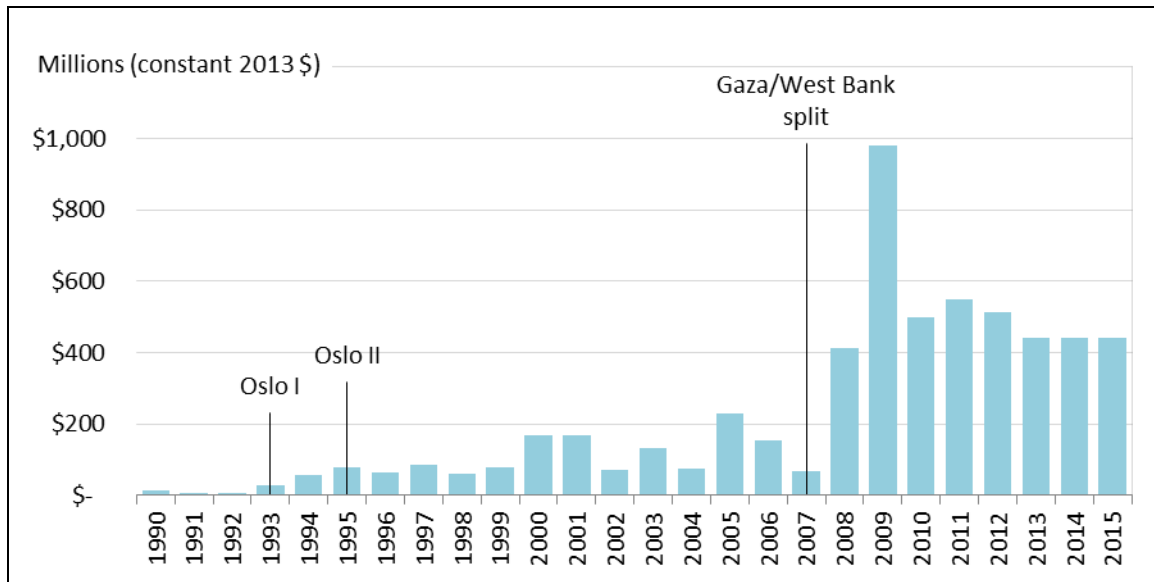
In its FY2016 request, the Administration is seeking \$442.0 million for West Bank and Gaza, equal to Administration requests since FY2013. According to the Administration’s FY2016 request, \$370.0 million would be for economic and development programs, and \$72.0 million for security assistance.

**Table 5. U.S. Foreign Assistance to the West Bank/Gaza: FY2011-FY2015 and FY2016 Request**

\$'s in millions

Account	FY2011	FY2012	FY2013	FY2014	FY2015 Estimate	FY2016 Request
ESF (+OCO)	395.7	395.7	366.7	370.0	370.0	370.0
INCLE	150.0	100.0	70.0	70.0	70.0	70.0
NADR	-	-	-	-	1.0	2.0
Total	545.7	495.7	436.7	440.0	441.0	442.0

**Figure 3. U.S. Economic Aid to the West Bank/Gaza: 1990-2015**



**Source:** Congressional Research Service.

**Notes:** Oslo I (the 1993 Declaration of Principles) and II (Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip) refer to agreements between Israel and the Palestine Liberation Organization (PLO). Oslo I paved the way for limited Palestinian self-rule in the West Bank and Gaza, and Oslo II established the framework for it. The Gaza/West Bank split of June 2007 occurred when Hamas forcibly seized control in Gaza. In response, PA President Mahmoud Abbas dissolved the PA cabinet that was nominally led by Hamas figures, and appointed a

(...continued)

MRA-OCO accounts totaled \$398.7 million. Annual average contributions to UNRWA since FY2009 have ranged between \$200 and \$300 million, with higher-than-average contributions for FY2014 owing to needs during and after the summer 2014 Israel-Gaza conflict.

new government with supposed sway over both territories, but de facto limited self-rule only in the West Bank. The large amount of economic aid for FY2009 is partly due to post-conflict recovery needs from the 2008-2009 Israel-Gaza conflict (Israeli codename Operation Cast Lead).

## Potential Foreign Aid Issues for Consideration

### Syria, Iraq, and the Islamic State<sup>29</sup>

The Administration is requesting \$3.45 billion in FY2016 for responding to the crisis in Syria and fighting the Islamic State.<sup>30</sup> This includes \$1.82 billion in Department of Defense-administered and State Department security assistance accounts, as well as \$1.63 billion in multilateral humanitarian accounts. The majority of the request is OCO rather than enduring funds and can be broken down into the following major categories: Department of Defense train & equip funds, non-lethal aid to the Syrian opposition, FMF for the Iraqi army, and multilateral humanitarian aid.

#### Department of Defense Train & Equip Funds

For FY2016, the Department of Defense is requesting \$715 million and \$600 million for train and equip programs for Iraqis and Syrians, respectively. These requests would fund the continuation of programs initiated under authorities and funds first provided in FY2015 defense authorization and appropriations bills. The monies would be drawn from FY2016 Department of the Army Operations and Maintenance Overseas Contingency Operations (O&M-OCO) funding.

For FY2015, the Administration is providing about \$1.6 billion in DOD/OCO funding for an “Iraq Train and Equip Fund” to support an expanded training mission. Of the \$1.6 billion, the Administration stated it is using \$1.23 billion for the Iraqi Security Forces (ISF); \$354 million for the Kurdish *peshmerga*; and \$24 million to train and equip Sunni tribal fighters who might secure Sunni-inhabited areas recaptured from the Islamic State.

#### Non-Lethal Aid to the Syrian Opposition

Of the \$1.82 billion in DOD and DOS funding the Administration is requesting for security assistance related to Syria in FY2016, \$255 million is for assistance to opposition groups within Syria. Of this amount, \$65 million is requested from the peacekeeping operations (PKO-OCO) account to provide non-lethal assistance to vetted members of the armed Syrian opposition. Another \$160 million is requested from ESF-OCO to provide non-lethal assistance to Syrian national and local-level opposition groups—potentially including activists, civil society members, journalists, and civil defense workers.<sup>31</sup> The \$255 million requested also includes \$10 million in INCLE-OCO funding for justice sector support in opposition-held areas. Twenty million dollars from the base request in the NADR account would support law enforcement training for opposition members, border security training, and weapons abatement initiatives.

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<sup>29</sup> For more information, see CRS Report R43612, *The “Islamic State” Crisis and U.S. Policy*, by (name redacted) et al.

<sup>30</sup> The Administration also identifies additional OCO-related bilateral aid for neighboring countries (such as Jordan) affected by the crisis in Syria.

<sup>31</sup> See for example, “New Non-Lethal Assistance for the Syrian Opposition,” State Department Press Release, March 13, 2015.

## **FMF for the Iraqi Army and Foreign Military Sales**

The United States is also proceeding with pre-existing Foreign Military Sales of combat aircraft, as well as with new sales of tanks and armored vehicles to replenish the equipment lost or seized by the Islamic State in the course of the Iraqi Security Force (ISF) collapse in June 2014 and loss of Ramadi in May 2015. The FY2016 request includes \$250 million in FMF-OCO to help build up the capabilities of the ISF against the Islamic State, and thereby supplements requested train and equip funding.

## **Humanitarian Assistance**

The Administration's FY2016 budget request seeks \$5.64 billion in global humanitarian assistance, including \$1.63 billion in OCO funds authorized to address the humanitarian impact of the crisis in Syria and Iraq. The \$1.63 billion includes \$810 million in IDA-OCO to support humanitarian assistance to Syria and Iraq, as well as \$819 million in MRA-OCO for humanitarian assistance programs for refugees from Syria and Iraq. From October 1, 2011 through January 22, 2015, the United States allocated more than \$4 billion to meet humanitarian needs using existing funding from global humanitarian accounts and some reprogrammed funding.

## **State Department Requests for Flexible Transition Funding**

Since the early days of the "Arab Spring" in 2011, the Administration and Congress have discussed how to adjust U.S. foreign aid policy to the rapidly changing realities of the Middle East region. For the last five years, the State Department and USAID have relied on long-standing authorities to repurpose already appropriated foreign aid toward countries in transition or in civil war. At times, the Administration has argued that this approach is inadequate and that repurposing aid from various accounts limits transparency, requires a burdensome and inefficient reprogramming process, and restricts availability and flexibility of aid when needs arise.<sup>32</sup>

In FY2013 and FY2014, the Administration unsuccessfully sought more legal latitude and additional funding from Congress in responding to the needs of Arab transition states. The State Department made proposals in FY2013 (\$770 million) and FY2014 (\$580 million) for Congress to create an account called the Middle East and North Africa Incentive Fund (MENA-IF), which would have allowed appropriated assistance to be used notwithstanding any other provision of law and to remain available for multiple years.<sup>33</sup> Congress neither authorized nor appropriated

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<sup>32</sup> According to the President's FY2014 Congressional Budget Justification for Foreign Operations, "The events of the past two years make clear that there are significant resource needs for countries in transition. Department of State and USAID support in FY 2011 and FY 2012 has totaled over \$1.8 billion, spanning the range of humanitarian, economic stabilization, security sector reform, and political reform requirements in Libya, Tunisia, Egypt, Jordan, and Syria. These funds were reallocated from other programs in the region, topline adjustments that reduced globally available funding, funding in regional and global accounts that had been planned for other purposes; and humanitarian and contingency accounts that had other global demands. This resulted in real opportunity costs to other programs. Without the creation of the MENA IF, continuing needs and new transitions will further erode existing programs that remain a priority and impact the ability to respond to emergent needs in other regions. Further, our flexibility to respond appropriately to emerging opportunities and cement support for transitions is hindered by the need to seek special authorities on a case-by-case basis for such things as loan guarantees, debt relief, or enterprise funds; or by the lack of available funds with the appropriate authorities." See, U.S. Department of State, Congressional Budget Justification, Volume II, Foreign Operations, April 10, 2013.

<sup>33</sup> The Administration also proposed broadening authorities in a similar way for existing funding for the Middle East Partnership Initiative and USAID Middle East Regional Office.

any MENA-IF funding. Some lawmakers expressed significant reservations about the broad spending authorities the proposals would give the Administration.

In FY2015, the Administration again sought increased transition support funding (\$225 million in ESF and \$20 million in INCLE-OCO funds) for what it called the MENA Initiative. The FY2015 request abandoned the Administration’s previous approach to create a new account with new authorities and instead sought to support reforms in transitional states by using ESF funds at a level significantly lower than what it previously requested for MENA-IF.

The Joint Explanatory Statement accompanying P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015, included language supporting what appropriators called “Middle East Response.” The statement noted that Section 8003 of P.L. 113-235 “provides the Department of State with the necessary flexibility to transfer funding between specific accounts, if needed to address unanticipated contingencies.”

### Restructuring Aid to Egypt<sup>34</sup>

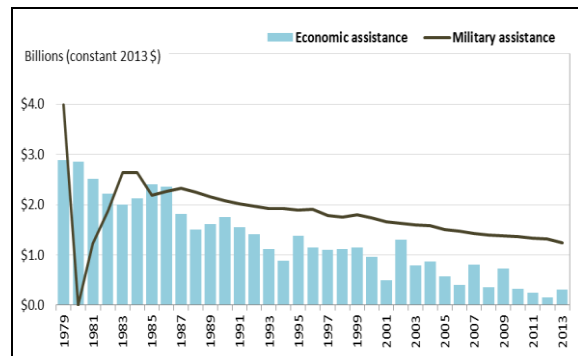
The intense focus on U.S. foreign aid to Egypt since 2011 has resulted in a number of proposals for broadly restructuring U.S. assistance. Even among supporters of continued military aid to Egypt, there appear to be two basic objections to maintaining the status quo (i.e., military aid subsidizing Egyptian purchases of conventional weaponry like tanks and jet fighters). One is that it does not match the current threats facing Egypt. The other is that it could undermine political stability if it is seen as indirectly perpetuating the control of society by the military-guided state.

On March 31, 2015, the White House announced that, although the Administration was releasing the deliveries of selected weapons systems to Egypt that had been on hold since October 2013 (and although it pledged to continue seeking \$1.3 billion in aid from Congress), beginning in FY2018, the United States would stop providing cash flow financing (CFF) to Egypt.<sup>35</sup> Cash flow financing is the financial mechanism that can enable foreign governments to pay for U.S. defense equipment in partial installments over time rather than all at once; successive Administrations have authorized CFF for Egypt since 1979.

In recent years, as public scrutiny of U.S. military aid to Egypt has increased, some observers have criticized the provision of CFF to Egypt. Critics argue that the financing of expensive conventional weapons systems

**Figure 4. U.S. Foreign Aid to Egypt: 1979-2013**

(adjusted for inflation, constant dollars)



**Source:** These figures include aid obligations from all U.S. government agencies. U.S. Agency for International Development (USAID), U.S. Overseas Loans and Grants: Obligations and Loan Authorizations.

<sup>34</sup> For more information, see CRS Report R44060, *Ending Cash Flow Financing to Egypt: Issues for Congress*, by (name redacted) .

<sup>35</sup> The White House. Office of the Press Secretary, Readout of the President’s Call with President al-Sisi of Egypt, March 31, 2015. For more information, see CRS Report R44060, *Ending Cash Flow Financing to Egypt: Issues for Congress*, by (name redacted) .For more information, see CRS Report R44060, *Ending Cash Flow Financing to Egypt: Issues for Congress*, by (name redacted) .

is based on an assumption of future appropriations from Congress, thus undermining congressional independence and co-equality with the executive. Supporters argue that as the Egyptian military combats terrorism in the Sinai Peninsula and elsewhere, U.S. military aid to Egypt should not be altered.

The Administration's proposed policy change comes after its lengthy review of U.S. foreign assistance policy toward Egypt, a process that began immediately following the Egyptian military's 2013 ouster of former president Mohammed Morsi, a leading figure in the Muslim Brotherhood. The President's decision to phase out CFF to Egypt is perhaps part of a broader policy approach that may seek to balance national security interests and the promotion of democratic principles in dealing with the post-Morsi, military-backed Egyptian government.<sup>36</sup> The March 31 White House announcement contemplates maintaining a modicum of security cooperation (e.g., ending weapons suspension, continuing \$1.3 billion in aid) while moving the relationship away from some of the aspects of its traditional military-to-military foundation (e.g., ending CFF, limiting future arms sales to specific defense categories).

To date, public discussion of the President's proposed policy changes has been relatively muted. The House committee-approved FY2016 Foreign Operations Appropriations bill (H.R. 2772) specifies that the Secretary of State shall consult with the Committees on Appropriations on any plans to restructure military assistance for Egypt.

## **Restrictions on Aid to the Palestinians<sup>37</sup>**

Annual appropriations legislation makes aid to Palestinians subject to a number of conditions, restrictions, and audit and reporting requirements.<sup>38</sup> For example, no aid is permitted for Hamas, the Palestine Liberation Organization, the Palestinian Broadcasting Corporation, or for PA employees in Gaza. Aid for a future Palestinian state; or for a PA government that might in the future include Hamas as a member, or that might result from an agreement with Hamas and over which Hamas exercises "undue influence," would only be permitted if these potential recipients make commitments toward peaceful coexistence with Israel.

International initiatives pursued by Palestinian officials since 2011 in attempts to gain greater recognition of Palestinian statehood and/or to pressure Israel have periodically led to informal congressional holds that delayed obligation and disbursement of already-appropriated aid.<sup>39</sup> Congress also has enacted conditions that could reduce U.S. aid to the Palestinians, depending on the initiatives taken and their outcomes. Per Section 7041(i)(2) of P.L. 113-235, the FY2015 Consolidated and Further Continuing Appropriations Act,<sup>40</sup> ESF aid for the PA is prohibited if the Palestinians "initiate an International Criminal Court (ICC) judicially authorized investigation, or actively support such an investigation, that subjects Israeli nationals to an investigation for

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<sup>36</sup> See, for example, the President's 2013 speech before the United Nations General Assembly. The White House Office of the Press Secretary, Remarks by President Obama in Address to the United Nations General Assembly, September 24, 2013.

<sup>37</sup> See, CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by (name redacted)

<sup>38</sup> Current conditions and restrictions for FY2015 are contained in the Consolidated Appropriations Act, 2015 (P.L. 113-235), Secs. 7036-7040 and 7041(i)(2).

<sup>39</sup> For more information, see CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by (name redacted) and CRS Report R42999, *The United Nations Educational, Scientific, and Cultural Organization (UNESCO)*, by (name redacted) and (name redacted); and CRS Report R43614, *Membership in the United Nations and Its Specialized Agencies*, by (name redacted) and (name redacted).

<sup>40</sup> Section 7041(i)(2) of P.L. 113-235, the FY2015 Consolidated Appropriations Act.

alleged crimes against Palestinians.” In the past year, the Palestinians have taken a number of actions with respect to the ICC, and the ICC opened a preliminary examination of the “situation in Palestine” in January 2015.<sup>41</sup> In response, some lawmakers have called for the suspension of ESF aid to the Palestinians, per Section 7041(i)(2). However, the State Department has stated that “We evaluate all planned assistance to the PA to ensure we are in full compliance with relevant legislation. We do not consider the relevant restrictions on assistance to the Palestinians to have been triggered.”<sup>42</sup>

### Supporting Tunisia’s Ongoing Democratic Transition<sup>43</sup>

Some observers assert that, amidst the violent upheaval spreading across the Middle East and North Africa, U.S. support for Tunisia’s nascent transition to democracy is vital for the promotion of stability across the region. In order to help the newly-elected coalition government consolidate democratic gains, combat terrorism, and unlock economic growth and job creation, the Administration is requesting that Congress appropriate \$134 million for Tunisia for FY2016 (of which 60% would be for security assistance), more than double its FY2015 request. The Administration, in consultation with Congress, allocated some \$580 million in aid for Tunisia between FY2011 and FY2014, equivalent to ten times the bilateral funding appropriated over the prior four fiscal years.

## Recent Legislative Action

On June 15, 2015, the House Appropriations Committee reported a FY2016 Department of State, Foreign Operations, and Related Programs Appropriations bill (H.R. 2772). On July 9, the Senate Committee on Appropriations reported its version of a FY2016 Foreign Operations Appropriations bill (S. 1725). Both bills’ accompanying committee reports (H.Rept. 114-154 and S.Rept. 114-79) include a number of Middle East-related provisions. See Table 6 below for a side-by-side comparison of select provisions.

**Table 6. Side-By-Side FY2016 Middle East Foreign Operations Appropriations**

Country	H.R. 2772	S. 1725
Israel	Provides the full Administration request of \$3.1 billion in FMF for Israel and \$10 million in refugee resettlement. The Committee report notes that “the funding provided supports the current \$30 billion ten-year U.S.-Israel MOU....The Committee understands that negotiations have begun on a third MOU and strongly urges the Administration to successfully conclude these negotiations before the current MOU expires.”	Provides the full Administration request of \$3.1 billion in FMF for Israel and \$10 million in refugee resettlement.

<sup>41</sup> ICC Press Release, “The Prosecutor of the International Criminal Court, Fatou Bensouda, opens a preliminary examination of the situation in Palestine,” January 16, 2015. A preliminary examination is different from a formal ICC investigation or prosecution. For more information, see CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by (name redacted)

<sup>42</sup> “State, Congress face off over Palestinian Aid,” *Al Monitor*, June 25, 2015.

<sup>43</sup> See, CRS Report RS21666, *Political Transition in Tunisia*, by (name redacted) and (name redacted)

Country	H.R. 2772	S. 1725
Egypt	<p>Provides the full Administration request of \$1.3 billion in FMF and \$150 million in ESF. Does not condition the release of U.S. assistance upon an Administration certification that the government of Egypt is transitioning to democracy. Instead, the bill requires the Secretary of State to report to lawmakers on steps taken by the Government of Egypt to hold elections, govern democratically, and advance minority rights, among other things. Committee report notes that “The United States and Egypt have shared a strategic relationship based on mutual interest in peace and stability for decades, beginning with the Camp David Accords. One of the pillars of this strategic partnership has been United States security assistance to Egypt. The Committee continues to urge the Secretary of State to take steps to enhance the military-to-military relationship with Egypt, including by expediting the delivery of equipment withheld since 2013.”</p>	<p>Provides the full Administration request of \$1.3 billion in FMF (of which \$96.868 million is OCO) and \$150 million in ESF. Conditions the release of U.S. aid on a certification that the Egyptian government is taking steps to advance democracy and human rights, but allows the Secretary of State to waive the certification requirement if it is important to the national security interest of the United States. Committee report notes that “section 620M of the FAA applies to funds made available by the act for the Egyptian security forces.”</p>
Jordan	<p>Provides the full Administration request of no less than \$1 billion in total ESF and FMF. The Committee report notes “the importance of the relationship with the Kingdom of Jordan and notes the strong leadership that Jordan continues to play in advancing peace and stability in the region and in the ongoing campaign to defeat ISIL. The United States should continue to provide the assistance needed to ensure Jordan’s success in coalition operations, including assistance to strengthen Jordan’s borders with Iraq and Syria.”</p>	<p>Provides approximately \$1.175 billion in total aid, \$175 million above the Administration request for total ESF and FMF. Additional funding for Jordan includes: U.S. contributions to the Jordan Response Plan 2015 for the Syria Crisis (amount unspecified); \$75 million in additional ESF for budget support to the government of Jordan; \$100 million for water sector support for Jordan which is intended as a U.S. contribution for the initial phase of the Red Sea-Dead Sea water project, pending completion of relevant studies and assessments. Of the recommended \$812.350 million in ESF for Jordan, \$477.350 has been designated as OCO.</p>
Palestinians (West Bank & Gaza)	<p>Does not provide a specific appropriation for the Palestinians. Continues prior year restrictions on assistance contained in Sections 7036, 7037, 7038, and 7039. Section 7040 modifies prior year language on prohibiting aid for salaries of Palestinian Authority personnel in Gaza or for Hamas or any entity “effectively controlled by Hamas, any power-sharing government of which Hamas is a member or that results from an agreement with Hamas.” Section 7041 (i) also modifies prior year language by eliminating waiver authority for providing aid to the Palestinian Authority if Palestinians obtain member status in “the United Nations or any specialized agency thereof outside an agreement negotiated between Israel and the Palestinians.”</p>	<p>Provides a total of \$362 million for the Palestinians (\$290 million in ESF, \$70 million in INCLE, and \$2 million in NADR), which is \$80 million below the Administration request. Continues prior year restrictions on assistance contained in Sections 7036 through 7041.</p>

Country	H.R. 2772	S. 1725
Iraq	Does not provide a specific appropriation, however the Committee report “supports the request for Iraq to enhance the country’s security and defeat ISIL.” The Committee indicates that funds appropriated under INCLE and FMF “should be made available to enhance the capacity of Kurdistan Regional Government security services and for security programs in Kurdistan to address requirements arising from the violence in Syria and Iraq.” The Committee also “expects funds made available in this title to enhance the security of Iraq’s religious and ethnic minority populations, including Christians, that have been adversely affected by the conflict.”	Provides the full Administration request of \$355.360 million (\$250 million in FMF-OCO, \$72.5 million in ESF-OCO, \$20.860 in NADR, \$11 million in INCLE-OCO, \$1 million in IMET). The Senate bill also specifies that INCLE and FMF funds should be made available for Kurdish security forces and for security programs in Kurdistan. The Committee also “continues to support programs to assist vulnerable Iraqi ethnic and religious minorities, including the Christian community particularly in the Nineveh Plains, from funds appropriated by the act for assistance for Iraq.”
Syrian Opposition	Does not provide a specific appropriation, however includes prior year language (Section 7041(h)) conditioning the use of non-lethal assistance for elements of the Syrian opposition. The Committee also notes the “continued volatile security situation inside Syria and urges the Secretary of State and USAID Administrator to ensure protocols are in place to maintain appropriate distinctions when delivering humanitarian and non-lethal assistance.” The bill also retains Section 7007 prohibiting direct aid to the government of Syria.	Provides \$195 million in total aid (\$100 million in ESF-OCO, \$65 million in PKO-OCO, \$20 million in NADR, \$10 million in INCLE-OCO) for non-lethal assistance to elements of the Syrian opposition. This suggested appropriation is \$60 million below the Administration’s request. The bill retains language (Section 7041(h)) from previous Acts directing the provision of assistance. The bill also retains Section 7007 prohibiting direct aid to the government of Syria.
Lebanon	Does not provide a specific appropriation for Lebanon, and retains prior year language (Section 7041(e)) conditioning aid to Lebanon. The Committee “intends that assistance provided to the Lebanese Armed Forces (LAF) will not be used against Israel, and such assistance will not affect Israel’s qualitative military edge in the region. The Committee further directs the Secretary of State to submit a report to the Committees on Appropriations, not later than 90 days after enactment of this Act, in classified form if necessary, on the performance of the LAF, including an assessment of the operational capabilities of such forces and how the training, curriculum, and equipment provided by the United States contributes to those capabilities.” The Committee does recommend \$12 million for “scholarships for Lebanese students with high financial need to attend educational institutions in Lebanon that meet standards comparable to those required for American accreditation.”	Provides \$200.510 million in total aid (\$100 million in ESF, of which \$40 million is OCO, \$80 million in FMF-OCO, \$13 million in INCLE-OCO, \$4.760 million in NADR, and \$2.75 million in IMET), which is \$10 million below the Administration’s request. The bill retains prior year language (Section 7041(e)) conditioning aid to Lebanon, and the Committee “again expects that no funds made available by the act will directly or indirectly benefit or otherwise legitimize Hezbollah, including within the Government of Lebanon, or any other FTO operating in Lebanon.” The Committee “recommends that of the funds appropriated under the ESF heading for assistance for Lebanon, not less than \$12 million be made available for scholarships for students in Lebanon with high financial need to attend not-for-profit educational institutions in Lebanon that meet standards comparable to those required for U.S. accreditation.”



Country	H.R. 2772	S. 1725
Tunisia	<p>Provides the full Administration request of \$134 million in total aid (\$62.5 million in FMF, \$55 million in ESF, \$12 million INCLE, \$2.6 million in NADR, and \$2.3 million in IMET), noting in report language “the positive steps made by Tunisia along its democratic transition, but also notes with concern the terrorist threats Tunisia faces.” The Committee also notes that “economic growth in Tunisia could be furthered through policies that reduce barriers to investment and growth. The Committee recommends that technical assistance be prioritized in order to support Tunisia’s institutional capacity to ensure that its reform agenda is successfully implemented. The Committee directs that funds also be made available to support young entrepreneurs.”</p>	<p>Provides a total of \$84.3 million in aid to Tunisia (\$45 million in ESF, \$30 million in FMF, \$7 million in INCLE-OCO, \$2.3 million in IMET), almost \$50 million below the Administration request. In report language, the Committee does indicate that additional FMF and INCLE funds be made available for Tunisia from prior acts through a reprogramming of funds.</p>
Morocco	<p>Provides \$15 million in total aid (\$12 million in FMF, \$3 million in INCLE), which is \$16.6 million less than the Administration’s request. Section 7041 (g) of the bill stipulates that “Funds appropriated by this Act under title III that are available for assistance for Morocco shall also be made available for any region or territory administered by Morocco, including the Western Sahara: Provided, That not later than 45 days after enactment of this Act, the Secretary of State shall consult with the Committees on Appropriations on the requirements described under this section in the report accompanying this Act.” The Committee “expects funds to support democratic reforms and economic development. The Committee remains concerned by the failure to resolve the longstanding dispute over the Western Sahara and the protracted refugee situation in the Polisario-run camps near Tindouf, Algeria. The Committee believes that the Secretary of State should pursue a negotiated settlement to the dispute, consistent with United States policy to support a solution to the issue based on a formula of autonomy under Moroccan sovereignty. These redoubled diplomatic efforts can lead to a realistic and lasting settlement, the completion of a UN Peacekeeping mission that has existed for more than twenty years, and a more stable region. The Committee also encourages the Administration to support private sector investment in the Western Sahara.”</p>	<p>Provides \$29.872 million in total aid (\$20 million in ESF, \$5 million in FMF, \$3 million in INCLE, \$1.872 million in IMET), which is \$1.7 million below the Administration’s request. The bill specifies that “Funds appropriated under title III of this Act shall be made available for assistance for the Western Sahara: Provided, That not later than 90 days after enactment of this Act and prior to the obligation of such funds the Secretary of State, in consultation with the Administrator of the United States Agency for International Development, shall consult with the Committees on Appropriations on the proposed uses of such funds.” The bill also specifies that FMF funds for Morocco in the Act “may only be used for the purposes requested in the Congressional Budget Justification, Foreign Operations, Fiscal Year 2016.” The Committee requires that “The Secretary of State shall submit the report to the Committee required by section 7041(g) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (division I of P.L. 112-74) in the manner described, except the report shall include steps taken by interested parties to support a human rights and monitoring role for the U.N. Mission in Western Sahara, in cooperation with the U.N. High Commissioner for Human Rights.”</p>

Country	H.R. 2772	S. 1725
Bahrain	Does not provide a specific appropriation. The Committee notes “Bahrain's progress to engage in a national dialogue to promote reform and governance and supports funds in this Act being made available for Bahrain.”	Provides \$8.2 million in total aid (\$7.5 million in FMF, \$700k in IMET), which is \$400k below the Administration’s request. The Committee notes that “No crowd control assistance for Bahrain was included in the President's budget request under this heading, and none is provided by the act....Not later than 45 days after enactment of the act, the Secretary of State shall submit a report to the appropriate congressional committees describing the specific steps taken by the Government of Bahrain to implement the recommendations in the 2011 Report of the Bahrain Independent Commission of Inquiry, including further steps the government should take to fully implement the recommendations and an assessment of the impact of the findings of the Report for U.S. security in the region.”
Libya	Does not provide a specific appropriation. Section 7041 (f) prohibits aid for the Government of Libya if it is controlled by a foreign terrorist organization. The bill also retains prior year language requiring that no funds may be made available for the government of Libya unless “the Secretary of State reports to the Committees on Appropriations that such government is cooperating with United States Government efforts to investigate and bring to justice those responsible for the attack on United States personnel and facilities in Benghazi, Libya in September 2012: Provided, That the limitation in this paragraph shall not apply to funds made available for the purpose of protecting United States Government personnel or facilities.”	Provides a total of \$20 million in aid (\$10 million in ESF-OCO, \$6.5 million in NADR, \$2 million in INCLE, and \$1.5 million in IMET). The Committee also notes that the bill “continues prior year conditions and limitations regarding cooperation by the Government of Libya on the September 2012 attack on U.S. personnel and facilities in Benghazi, Libya; the use of funds for infrastructure projects; and a certification requirement on oversight prior to the obligation of funds.
Yemen	Defers consideration of the funding requested for FY2016 in light of the uncertain security environment and lack of a U.S. diplomatic presence inside the country to monitor assistance.	Does not provide a specific appropriation and indicates that unobligated balances may be transferred to other accounts such as Tunisia.

## **Appendix A. Common Foreign Assistance Acronyms and Abbreviations**

1206	Section 1206 of the National Defense Authorization Act (NDAA) provides the Secretary of Defense with authority to train and equip foreign military forces
CCF	Complex Crises Fund
CPTF	Counter-Terrorism Partnerships Fund
DA	Development Assistance
DOD	Department of Defense
DOS	Department of State
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
FMF	Foreign Military Financing
GHCS	Global Health Child Survival
IDA	International Disaster Assistance
IMET	International Military Education and Training
IMF	International Monetary Fund
INCLE	International Narcotics Control and Law Enforcement
MCC	Millennium Challenge Corporation
MOU	Memorandum of Understanding
MRA	Migration and Refugees Assistance
NADR	Non-Proliferation, Anti-Terrorism, Demining and Related Programs
NGO	Non-Governmental Organization
OCO	Overseas Contingency Operations
ODA	Official Development Assistance
PKO	Peacekeeping Operations
P.L. 480	Food for Peace/Food Aid
T&E	Train & Equip
TI	Transition Initiatives
USAID	U.S. Agency for International Development

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