

Statement for the Record
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The past year has been marked by severe and increasing pressures on the countries of the Middle East and North Africa (MENA). Shortages in wheat supplies caused by Putin's continued war on Ukraine worsened already tenuous food security across the region, which also saw poor domestic harvests due to severe droughts and water shortages. Food price increases, driven by supply chain issues related to the COVID-19 pandemic and Russia's war in Ukraine, strained fragile economies across the region. Earthquakes in north and central Syria earlier this year added to the devastation already wrought by Bashar Al-Assad's brutal regime. Crises of governance and economic mismanagement continue to threaten stability in Lebanon and Tunisia, and violence has significantly increased between Israelis and Palestinians.

The U.S. Agency for International Development (USAID) has worked diligently to protect development progress while building forward momentum where possible. Strong Congressional support and generous resources for USAID have allowed us, thus far, to mitigate the worst impacts of growing food insecurity in the region. The United States continues to work with the private sector and civil society to offer the region's citizens pathways to prosperous futures and to empower collective advocacy and action. USAID sustained and expanded peacebuilding work across the region through the Nita M. Lowey Middle East Partnership for Peace Act (MEPPA) activities, as well as the Middle East Regional Cooperation (MERC) Program and the Negev Forum to advance initiatives that encourage regional integration, cooperation, and development.

Advancing development support in the face of mounting pressures is particularly critical as strategic competitors such as the People's Republic of China (PRC) invest in predatory alternatives and seek to expand their influence. The investments proposed in our Fiscal Year 2024 budget continue efforts to partner with the people of the region, build inclusive economic opportunities, empower historically underrepresented communities, improve the delivery of social services, and support a peaceful and democratic trajectory for this strategically important area of the world.

Addressing Mounting Pressures

Countries of the region face a wide variety of pressures from both inside and outside their borders. Within their borders, the region's large youth population pushes against democratic backsliding, corruption, and economic malaise. Regional conflicts have spillover effects as people are displaced into neighboring countries and increase demands on scarce resources. Global interference introduces further complications as actors such as the PRC, Iran, and Russia meddle to advance their own ends. We can predict and invest for some of this, but other unanticipated challenges and opportunities can be met with \$90 million requested for the Middle

East and North Africa Opportunity Fund, such as addressing emerging opportunities related to crises in countries such as Libya, Syria, Tunisia, and Yemen.

More than half of the regional population is under the age of 30, presenting both unique opportunities and challenges. Through assistance programs, the United States has made significant progress in helping prepare these young people for the future. USAID renovated 130 schools in Jordan over the past five years, developed curricula to improve reading and math skills in all of Lebanon's primary public schools, helped more than 4 million Moroccan students read at grade level, and provided higher education scholarships for deserving students across Egypt and Lebanon.

However, as these young people transition into the workforce, opportunities lag in the fragile economies of the region. More than a quarter of young people between the ages of 15 and 24 are unemployed. Despite rising undergraduate graduation rates, less than 20 percent of women in the region participate in the workforce. U.S. government investments in economic growth offer critical opportunities for young people and women who can no longer rely on bloated public sectors for employment.

Over the past years, USAID helped more than 44,000 small businesses increase sales by \$580 million and create 48,000 jobs in Tunisia. In Lebanon, our investments in the private sector have benefitted more than 20,000 enterprises, including more than 2,500 women-owned businesses. In Libya, USAID's work to strengthen the energy sector dramatically decreased power outages from 158 hours in the first quarter of 2022 to only 3 hours in the first quarter of 2023, providing a significant increase in reliable power for Libyans and their economy.

Although more than 25 percent of young people in the region express low satisfaction with the current economic situation, nearly half remain optimistic it will improve in the future. Through the Fiscal Year 2024 budget, USAID will invest in anti-corruption and governance efforts that will not only empower these young people to advocate for their vision of the future, but also support governments that work to improve their ability to respond to citizens' needs and aspirations.

Thanks to Congressional support, USAID invested prior year funds to help the Government of Iraq improve procurement processes that limit corruption and reactivate more than 1,500 suspended public works projects. In Egypt, investments in water and sanitation infrastructure have ensured 25 million Egyptians have access to water and wastewater services. In locations without credible government partners, USAID worked directly with civil society to better equip citizens with tools to engage their authorities, advance their interests, and protect their rights.

Regional Pressures

In addition to the local challenges MENA countries face, regional challenges spill across borders. Since the beginning of Assad's war, more than 5.5 million Syrians have sought refuge in bordering countries. Destabilizing military action and violence in northern and eastern Syria, northern Iraq, and southern Türkiye further impedes the return of internally displaced people, and outside interference, such as Iran's support for the Houthis in Yemen, prolongs a conflict

that has displaced more than 4.5 million people internally and left more than 21.6 million in need of humanitarian assistance.

In addition to these enduring challenges, the unfolding violence in Sudan has already prompted more than 330,000 Sudanese to flee into neighboring countries, including over 150,000 in the MENA region, since April 15. Over 1 million people have already been displaced within Sudan, including thousands who were in Sudan already as refugees of other conflicts.

The impacts of this violence quickly cross borders and strain governments' limited resources. In Lebanon, more than 90 percent of Syrian refugees are in need of humanitarian assistance, and in Jordan, despite the Government of Jordan's support, more than 90 percent of Syrian refugee households still report being in debt.

In response to the regional pressures generated by these conflicts, U.S. humanitarian assistance helps address immediate needs, while continuing stabilization and development efforts essential to create a post-conflict pathway to recovery, such as funding for the Syrian Civil Defense, commonly known as the White Helmets. This past fall, Secretary Blinken signed the United States' fourth memorandum of understanding with the Hashemite Kingdom of Jordan, deepening our partnership with a regional ally that not only acts as host to a large number of Syrian refugees, but also serves as a stabilizing force in the region. The fiscal year 2024 budget request includes \$1.45 billion to support the second year of this memorandum of understanding, which includes provision of direct budget support as well as programs to improve Jordan's economy, governance, and water systems.

Global Pressures

Increased engagement from non-regional actors such as the PRC further complicates regional dynamics as Beijing's purported policy of "non-interference" extends financing as a source of leverage. USAID is assisting governments to understand the risks associated with PRC financing and technology both through programming and engagement with our local partners.

For example, in Morocco, USAID is funding technology alternatives to Chinese companies such as Huawei by assisting the Ministry of Education to develop learning management systems that employ U.S. educational models, opening the Moroccan market for collaboration with trusted technology providers. In Jordan, USAID supports the government's ability to assess foreign investment risks to protect Jordanian sovereignty and avoid opaque foreign involvement through bad deals that would enable outside influences to affect infrastructure or financing decisions. Jordan's telecom providers recently made the momentous decision to switch to trusted and secure vendors for their 5G rollout, which we look to support moving forward.

Food Security

Another immediate pressure from a non-regional actor is the impact of Russia's full-scale invasion of Ukraine on food security in the region. When USAID last presented the President's Budget to Congress in June 2022, the MENA region was already suffering the impacts of Putin's war. Since last year, thanks to Congress' generosity with supplemental funding related to that

war, USAID has been able to slightly alleviate the pressures of dramatically decreased imports of critical foodstuffs such as wheat and cooking oil.

Last year in Tunisia, USAID provided \$60 million to support a social safety net to keep food on the table and kids in schools, and this year USAID funded the purchase of 25,000 metric tons of American durum wheat. However, given the region's outsized dependence on grain and food oil imports from Ukraine and Russia, addressing shortfalls in domestic production is essential to provide long-term relief.

With Congress' support, USAID has expanded work with agriculture and food production to help domestic suppliers better fill the gap between supply and demand. In Egypt, the world's largest grain importer, USAID helped agricultural collection centers improve their storage capacity to decrease grain losses due to spoiling. USAID accomplished this through the introduction of 30 low or no cost solutions for irrigation, cooling, drying, and harvesting that cut post-harvest losses by a third. USAID programs also helped farmers get more from their seeds, reducing planting costs by 60 percent.

In Lebanon, U.S. assistance helped sustain local vegetable, legume, and dairy production by providing everything from seeds and compost to technical assistance and training. In Yemen, USAID scaled up our agriculture work to train an additional 1,200 farmers on modern approaches like greenhouses, tunnel farming, drip irrigation, and solar-water pumping.

COP 27, the United Nations Conference of Parties on Climate Change, hosted last year by Egypt, was particularly timely given record-breaking heat waves across the region in 2022. According to experts, the Middle East is currently warming at nearly double the rate of the rest of the world. In the future, if average global temperatures rise by two degrees, rainfall is projected to decline by 20-40 percent. As 70 percent of agriculture is rain-fed, this could significantly reduce food security and trigger climate-induced migration and greater political instability in the region. Approximately 52 million people in the MENA region are chronically undernourished and increasing droughts will push more people in that direction.

The Fiscal Year 2023 Request significantly increased funding for climate change adaptation, and does so again in the Fiscal Year 2024 Request to continue this vital work. Sustainable domestic agriculture production in the world's most water-scarce region requires consideration of climate change impacts in all our work.

For example, in Jordan, groundwater is depleted twice as fast as it can be replenished, and leaks, theft, or broken meters lead to water and revenue losses. USAID is working with the Government of Jordan's Ministry of Water and Irrigation to strengthen infrastructure and oversight and incentivize water conservation.

With Fiscal Year 2024 resources, USAID will continue valuable partnerships, such as our work with the Massachusetts Institute of Technology to develop energy and water saving irrigation systems. This partnership yielded low-drip technology that cuts energy requirements in half and

costs 40 percent less than existing systems, which the irrigation company Toro is now commercializing.

Although food security and water scarcity are shared risks for the region, these threats also offer opportunities for collaboration to address one of the region's largest challenges.

Advancing Peace

Advancing the relationship between Israel and its regional neighbors is integral to any discussion of the long-term prospects for our region. USAID has seen expanded interest in MERC grants, particularly from Abraham Accord countries. In its most recent call for proposals, MERC received 102 applications for joint Arab-Israeli applied research and scientific workshop concepts. This is a near all-time record number of applications for the program over its 40-year history.

To build on this momentum for regional cooperation and peacebuilding with Israel, the Fiscal Year 2024 budget not only sustains ongoing efforts, such as MERC, but also includes flexibility to invest in emerging opportunities, such as initiatives stemming from the Negev Forum, among other regional opportunities, with \$90 million requested for the Middle East and North Africa Opportunity Fund.

Earlier this year, USAID attended the inaugural Working Group meetings of the Negev Forum in Abu Dhabi and serves as the U.S. government lead for the Food Security and Water Technology and Tourism Working Groups. A portion of funding within the Opportunity Fund is planned to supplement existing resources should these working groups yield tangible areas for investment to further regional cooperation.

In addition to building peaceful relations with regional neighbors, supporting peace between Israel and the Palestinian people is essential to USAID's mission in the region. The Fiscal Year 2024 Budget also requests increased economic support for the West Bank and Gaza by \$40 million to advance development across sectors such as public health, climate, wastewater treatment, and economic growth, providing opportunities. These efforts provide a stabilizing effect, offer alternatives to violence, and improve the lives of millions of Palestinians. The Request also seeks continued funding for the important work of building the trust necessary for an eventual negotiated two-state solution through MEPPA. USAID has completed the first year of programming and is now reviewing applications to build on progress through our second year of funding. All of these programs bolster broader Administration efforts to support equal measures of freedom, security, opportunity, and dignity for Israelis and Palestinians.

Conclusion

The United States' continued engagement as a partner for progress, through foreign assistance efforts, technical support, and coalition building ensures that people around the region are aware of the American people's friendship and support for their aspirations. While some governments may criticize the United States, their nation's shop owners proudly display signs

announcing USAID's support to their clientele. The United States' commitment to working with the people of the region maintains ties needed for them to withstand meddling from outside influences and to advance reforms for durable prosperity and stability.

U.S. assistance alone is not enough to fully address the region's challenges. Russia's military campaign in Syria in support of the Assad regime must end to help set the conditions for a political solution to the conflict in line with UNSCR 2254. Governments must protect human rights and take meaningful steps to improve governance and freedom of expression. And people across the region must work together to protect limited natural resources. However, through Congress and the American people's generosity, USAID has been able not only to provide some relief for the extreme pressures the region faces, but also to help shape meaningful paths to the future for so many in the MENA region. Thank you for your support and I look forward to your questions.