

GAO Highlights

Highlights of [GAO-15-259](#), a report to congressional requesters

Why GAO Did This Study

Since the signing of the Egypt-Israel Peace Treaty in 1979, Egypt has been a key strategic partner of the United States and the recipient of almost \$64 billion in U.S. security and economic assistance, including an annual average of about \$1.3 billion in security assistance and \$245 million in economic assistance since fiscal year 2009. State outlines strategic objectives for Egypt, State and USAID are primarily responsible for funding and managing assistance provided to Egypt, and the Department of Defense implements most security assistance. Since the January 2011 revolution that ended the almost 30-year presidency of Hosni Mubarak, Egypt has experienced a series of tumultuous political transitions that have raised concerns about how U.S. assistance is supporting strategic objectives.

This report examines, for fiscal years 2009 through 2014, the extent to which (1) U.S. strategic objectives and assistance evolved, (2) the U.S. government disbursed funds allocated for assistance to Egypt, and (3) the U.S. government evaluated the results of its assistance. To address these objectives, GAO analyzed U.S. government documents; interviewed U.S. officials in Washington, D.C.; and conducted fieldwork in Cairo, Egypt.

What GAO Recommends

GAO recommends that (1) State and USAID develop a plan for other uses for \$260 million previously allocated for a cash transfer and (2) State establish specific time frames for completing a required evaluation of security assistance. State and USAID generally agreed with these recommendations.

View [GAO-15-259](#). For more information, contact Charles Michael Johnson, Jr., at (202) 512-7331 or johnsoncm@gao.gov.

February 2015

EGYPT

U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs

What GAO Found

U.S. strategic objectives and levels of assistance to Egypt have generally remained constant since fiscal year 2009, though the U.S. government adjusted some aspects of its assistance in response to events in Egypt. According to documents and senior U.S. officials, U.S. strategic objectives are to assist Egypt to be stable, democratic, and prosperous; uphold the peace treaty with Israel and advance regional stability; counter terrorism and extremism; and continue to provide strategic benefits to the U.S. government. After Egypt's 2011 revolution, the U.S. government increased its emphasis on democracy and economic growth initiatives. After President Morsi's removal in July 2013, the U.S. government suspended some assistance and adjusted its economic assistance to focus more on directly benefitting the Egyptian people and its security assistance to focus more on shared interests. The administration has now resumed some assistance, enabled in part by new legal authorities provided by Congress.

As of September 30, 2014, the U.S. government had disbursed or committed almost \$7.5 billion (about 80 percent) of over \$9.3 billion in assistance allocated for Egypt in fiscal years 2009 through 2014. The U.S. government allocated 98 percent of this funding from the Foreign Military Financing and Economic Support Fund (ESF) accounts. The Department of State (State) and the U.S. Agency for International Development (USAID) reported \$460 million in unobligated ESF balances for Egypt—equal to about 230 percent of their fiscal year 2015 budget request of \$200 million. This included \$260 million in prior year funding allocated for a cash transfer to Egypt that the administration announced in October 2013 that it would not carry out. According to U.S. officials, these funds have not been reprogrammed for other purposes. Given U.S. government resource constraints, it is important that U.S. agencies have plans for using existing resources.

Examples of Military Systems Purchased by Egypt Using U.S. Security Assistance



Source: Department of Defense. | GAO-15-259

While USAID has evaluated some economic assistance, State has not evaluated the results of billions of dollars in security assistance to Egypt. Since fiscal year 2009, USAID has evaluated 15 projects in Egypt totaling over \$600 million and has completed all of the evaluations required under its policy. USAID officials noted that they have used evaluations to inform decisions about assistance. In May 2014, State attempted to commission a first-ever evaluation of results of security assistance to Egypt but received no proposals in response to its solicitation. State officials said that the agency remains committed to completing such an evaluation and is considering alternate approaches, although State has not established specific time frames for doing so. Standard practices in program management include a plan to execute projects within a specific time frame.