



Integrated Country Strategy

Bahrain

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1. Chief of Mission Priorities

Our longstanding partnership with Bahrain has enabled the United States to project power and ensure stability throughout the Gulf region while expanding opportunities for American businesses, exports and jobs. Hosting more than 8,500 U.S. military personnel and dependents associated with the U.S. Navy's Fifth Fleet and Naval Central Command, Bahrain supports and contributes to key U.S. national security objectives, including countering terrorism and the Islamic Republic of Iran's efforts to undermine regional security. Bahrain is one of only two Gulf countries with which the United States maintains a Free Trade Agreement (FTA), and U.S. companies have long enjoyed a favorable position in the development of Bahrain's economy. Bahrainis continue to look to the United States as an essential global partner and young Bahrainis bound for leadership and influence in the society value and prioritize study at U.S. colleges and universities.

Preserving and deepening this vital and favorable partnership requires that we navigate a range of regional and internal challenges that pose both opportunities and risks for U.S. policy objectives in the near term. Bahrain's strategic environment has become less certain amidst Gulf country rivalries and shifting regional alignments that have weakened the Gulf Cooperation Council (GCC) alliance system. Bahrain is committed to increasing its contributions to regional defense, but faces significant equipment, training and resource challenges in doing so. Internal political dynamics continue to be shaped by sectarian fissures inflamed during the Arab Spring-related political unrest of 2011, while a difficult fiscal environment has placed new constraints on the Government's ability to maintain historically high levels of social welfare spending. The outlook for American businesses and for U.S. exports remains strong, but competition from new entrants to the lucrative Gulf market is increasing and will require vigilance to ensure our favorable position is maintained.

Mission goal one of this Integrated Country Strategy (ICS) focuses on the imperative to work together with Bahrain to strengthen collective security in the Gulf region through enhanced security cooperation with the United States and meaningful Bahraini contributions to regional defense requirements. We are in a strong position to achieve this goal following the conclusion, in 2017, of a 15-year extension to the bilateral Defense Cooperation Agreement that enables long-term basing in Bahrain of U.S. Naval and other military elements. Enhancing Bahrain's ability to operate more closely with U.S. and regional allied forces and contribute more substantially to collective security requirements was similarly advanced by Bahraini government decisions to acquire several high-value U.S. defense systems, including new F-16V fighter aircraft and UH-1Z attack helicopters for use by the Bahrain Defense Force (BDF). Ensuring these and other acquisitions remain on track amidst a challenging fiscal environment and that the BDF is able to generate the manpower and training resources necessary for maximal utilization of these new systems will be a particular focus of our work.

The Government of Bahrain has been supportive of U.S. regional objectives, in particular efforts to confront Iranian malign activity in the Gulf region. It has engaged in joint counterterrorism efforts, partnered in coalition operations, and is engaged in an effort to better integrate government entities to counter terrorism and terrorism finance domestically. Drawing on the training and operational

resources of U.S. Government agencies, including the Federal Bureau of Investigation, the Drug Enforcement Agency, and the State Department's Anti-Terrorism Assistance program, the Mission will deepen our partnership with Bahraini law enforcement entities to address terrorism and transnational criminal threats.

ICS Mission goal two is focused upon efforts to encourage inclusive and responsive governance, political reconciliation, and security practices that exhibit respect for human rights. A tolerant and generally inclusive society, Bahrain embraces women's rights and freedom to practice one's religion and is open to modernization. However, a sense of economic and political disenfranchisement persists within elements of the Bahraini Shia community and remains an irritant and driver of opposition to the government, including low-level protest activity. External actors have sought to exploit these tensions to further undermine domestic security. Our Mission seeks to work with the Government to encourage avenues for political inclusion and broad-based civic involvement in the development of a strong and stable society. To that end, municipal and parliamentary elections, scheduled to take place in fall 2018 and 2022, provide opportunities to reaffirm Bahrain's commitment to political inclusiveness. The Mission will also seek to support the Government's increasing investment in community outreach programs that have the potential to bolster internal security by strengthening community-security force relations and preventing external exploitation of sectarian divisions.

ICS Mission goal three aims to grow opportunities for U.S. business and exports in Bahrain, while encouraging additional economic and fiscal reform measures that will maintain Bahrain's position as a strong and favorable economic partner. Bilateral U.S.-Bahrain trade in goods and services exceeded \$3.1 billion in 2016, reflecting the advantages provided by the U.S. - Bahrain Free Trade Agreement (FTA) and Bahrain's liberal business climate. Bahrain is a regional hub for U.S. businesses and presents particularly strong market opportunities for U.S. firms involved in energy and financial services, information and communication technologies, logistics, health technologies, and manufacturing, among other sectors. We will continue building on this success by encouraging Bahrain to maintain its business-friendly environment and promoting trade and targeted investment under the FTA. At the same time, Bahrain faces difficult decisions in the coming years to stabilize its fiscal situation, reduce recurrent budget gaps, and rein in public debt. Further diversification of state revenue sources, to include the introduction of revenue generation measures, would help reduce Bahrain's vulnerability to fluctuating global oil prices. Developing and adhering to a debt management program that puts Bahrain's finances on a more stable footing would increase investor confidence and reduce debt.

Bahrain "punches above its weight" as an important and reliable security and economic partner for the United States in the vital Gulf region. We have identified a series of ambitious, but achievable goals in this Integrated Country Strategy that will deepen our partnership yet further and enable the accomplishment of key objectives linked to the Department of State's Joint Regional Strategic Framework and the National Security Strategy. Embassy Manama will review this strategy biannually to assess progress toward achieving ICS goals and objectives.

2. Mission Strategic Framework

Mission Goal 1: Bahrain exercises security leadership in the Gulf region through enhanced cooperation with the U.S. and meaningful contributions to collective defense and security requirements.

Mission Objective 1.1: Bahrain remains a cooperative and reliable platform for U.S. and allied military forces.

Mission Objective 1.2: Bahrain increases its contributions to coalition activities and operations working with U.S. and international partners, and enhances its capability and capacity to be a regional security provider.

Mission Goal 2: Bahrain strengthens internal stability through national reconciliation, inclusive governance, and security practices that exhibit improved respect for human rights.

Mission Objective 2.1: The Government of Bahrain maintains its commitment to an elected, parliamentary government that offers avenues for effective political discourse, the airing of legitimate grievances, and a platform for addressing the country's challenges.

Mission Objective 2.2: The government allows, and sees value in, a more dynamic and diverse civil society.

Mission Objective 2.3: Bahraini institutions respond to threats in a transparent and balanced manner that views human rights and the rule of law as vital to ensuring security.

Mission Goal 3: Bahrain is a regional force for prosperity with a stable economy. The government maintains a business-friendly environment and promotes robust bilateral trade and targeted investment under the U.S. – Bahrain Free Trade Agreement (FTA).

Mission Objective 3.1: Bahrain continues to diversify its economic base, and enact structural reform in order to promote economic stability and opportunity.

Mission Objective 3.2: Bahrain maintains a level playing field for U.S. businesses and provides opportunities for U.S.-based companies in key growth sectors of the Bahrain economy.

Management Objective 1 Improve the efficiency and effectiveness of ICASS support services to improve overall customer service satisfaction

Management Objective 2 Improve the overall compensation for Mission staff to ensure that the U.S. Embassy in Manama is a competitive work place.

Management Objective 3 Improve the functionality of the Chancery infrastructure.

Management Objective 4 Improve the number of qualified bidders on Foreign Service positions in Bahrain.

3. Mission Goals and Objectives

Mission Goal 1 Bahrain exercises security leadership in the Gulf region through enhanced cooperation with the U.S. and meaningful contributions to collective defense and security requirements.

Description and Linkages: This Goal reflect Pillars 1 and 3 of the 2017 National Security Strategy (NSS), and Objectives 1.3, 1.4, and Goal 1 from Near Eastern Affairs (NEA) Bureau Joint Regional Strategy Framework (JRS). From an interagency context, it also reflects the 2018 National Defense Strategy and U.S. Central Command Bahrain Country Security Cooperation Plan, a component of the CENTCOM Theater Campaign Plan, addressing Bahrain-specific lines of effort for each branch of the U.S. military. We will work with Bahrain and other regional partners, particularly members of the Gulf Cooperation Council (GCC) to neutralize Iranian malign influence, increase Bahraini counter-terrorism proficiency and effectiveness, and ensure that Bahrain remains a stable and reliable platform for U.S. and allied forces. Post will partner with the Bahrain Defense Force (BDF) and security services to assist the GOB to counter violent militants and deny financing to terrorist organizations and Iranian proxies.

Mission Objective 1.1 Bahrain remains a cooperative and reliable platform for U.S. and allied military forces.

Justification: Ensuring reliable and flexible access and basing arrangements in Bahrain for U.S. and allied forces enables the United States to project power, ensure the freedom of navigation, and address threats to the Homeland. Bahrain is a critical part of U.S. regional security architecture for the Middle East, South Asia, and the Horn of Africa. Bahrain hosts the U.S. Fifth Fleet/NAVCENT and a unique 32-nation Combined Maritime Force (CMF) committed to countering terrorism and piracy and ensuring the maritime global commons. Bahrain contributes to shared security beyond its hosting of these elements; it was the first GCC country to command a CMF task force outside of the Arabian Gulf—CTF-151, focused on the Red Sea and Gulf of Aden. Failure to achieve this objective would negatively impact both U.S. efforts to deter and defeat regional aggression and secure the global commons, and impede the development of supporting and enabling regional security architectures.

Mission Objective 1.2 Bahrain increases its contributions to coalition activities and operations working with U.S. and international partners and enhances its capability and capacity to be a regional security provider.

Justification: Improving Bahraini military readiness, strengthening its maritime security, counter-terrorism (CT), and air and missile defense capabilities will increase Bahrain's ability to provide for its own defense against growing regional threats and enable more effective contributions to U.S. and allied cooperative security activities. Enabling Bahraini (and broader GCC) defense self-sufficiency is vital to achieving NSS objectives regarding enhanced burden sharing among U.S. and global security partners. Current shortcomings limit Bahrain's ability to partner to maximum effect with U.S. and allied forces in U.S., international, and regional exercises, operations, and planning. Compounding this challenge are Bahrain's fiscal constraints, which may limit procurement, and an acquisition backlog after a series of holds by the United States on foreign military sales. U.S. train and equip programs will build

interoperability and enhance the capabilities required to contribute to regional coalition operations. Cooperative security efforts also seek to deny peer-competitors use of Bahrain as a base or preferred partner. Failure to achieve this objective will retard U.S. efforts to increase partner national burden sharing capacity in providing regional security, resulting in a sustained reliance on U.S. resources to deter aggression and secure the global commons in the contested Gulf and Red Sea regions.

Mission Goal 2 Bahrain strengthens internal stability through national reconciliation, inclusive governance, and security practices that exhibit improved respect for human rights.

Description and Linkages: This Goal reflects Pillars 3 and 4 of the 2017 National Security Strategy (NSS). It also supports all three objectives of Goal 4 of the NEA Joint Regional Strategy (JRS). Consistent with the NSS and Middle East Strategy, the Mission will work to support Bahraini efforts to strengthen domestic stability and address security challenges, including countering Iran-supported militant groups operating in Bahrain. We will endeavor to demonstrate that effective and democratic governance, vibrant civil societies, respect for the rule of law, and protection of human rights form the foundation for long-term peace, stability, and prosperity in the region.

Mission Objective 2.1 The Government of Bahrain strengthens its commitment to an elected, parliamentary government that offers avenues for effective political discourse, the airing of legitimate grievances, and a platform for addressing the country's challenges.

Justification: Bahrain declared itself a Constitutional Monarchy and is one of only two states in the Gulf region with an elected legislature. The constitution provides for the election every four years of the lower house of parliament, the Council of Representatives (COR). The government has taken steps over the last several years through judicial action as well as new legislation to limit opportunities for political participation. Fall 2018 parliamentary elections will take place amid ongoing sectarian tensions and reduced political space after the shuttering of two political parties and an independent newspaper. Credible and transparent elections are critical to the process of national reconciliation. Efforts to encourage participation, ensure access to the polls, and protect political speech during the campaign season will be essential to advancing stability in Bahrain. Failure to strengthen parliament may increase instability by widening the divide between the government and the people.

Mission Objective 2.2 The government allows, and sees value in, a more dynamic and diverse civil society.

Justification: Civil society serves as an avenue to advocate for and address issues of concern in the society, fostering inclusion and broadening participation. Similar to other countries in the Gulf, Bahrain's civil society sector has been under significant pressure since the unrest of 2011. Increasing the operating space for civil society and empowering citizens to better represent their interests through constructive policy engagement with government can also help to address sectarianism, foster reconciliation, advance tolerance, and help counter extremism. The United States will support efforts to broaden the range of societal organizations, including media, to promote principles of public debate; to offer training on how to build public-private partnerships; to work with civil and political societies to

encourage commitment to diversity; and to encourage the government to allow peaceful protests, divergent political views (including those voiced online), and a robust civil society free from the fear of reprisal. Maintaining current restrictions, or imposing additional restrictions, would move Bahrain further away from an inclusive, stable, and prosperous society.

Mission Objective 2.3 Bahraini institutions respond to threats in a transparent and balanced manner that views human rights and the rule of law as vital to ensuring security.

Justification: Bahrain remains the focus of external actors who seek to exploit domestic grievances to destabilize the country. Respect for human rights and the advancement of the rule of law by government and non-state actors will lead to a more stable Bahrain and a more stable region. Effective security practices and protecting human rights are complementary goals in protecting Bahraini citizens. The United States will encourage Bahrain's institutions to adopt international best practices through cooperation and engagement with Bahraini officials from the judicial sector and in law enforcement. The United States also will support institutional capacity building in addressing security threats. If these efforts are not successful, political and social instability in Bahrain is likely to persist with continued negative consequences.

Mission Goal 3 Bahrain is a regional force for prosperity with a stable economy. The government maintains a business-friendly environment and promotes trade and targeted investment under the U.S. – Bahrain Free Trade Agreement (FTA).

Description and Linkages: This goal supports the second pillar of the 2017 National Security Strategy (NSS) and its priority economic actions for the Middle East. It also supports goals 3 and 4 of the NEA Bureau's Joint Regional Strategy (JRS). Consistent with the NSS and JRS, the Embassy will seek to support free market principles, fair trade, and economic diversification in order to address core inequities in the Bahraini market and create a business environment that welcomes more U.S. economic and commercial engagement in the region. This goal also supports the President's emphasis on developing commercial ties with and among members of the GCC.

Mission Objective 3.1 Bahrain continues to diversify its economic base and enact structural reform in order to promote economic stability and opportunity.

Justification: Bahrain's economy suffered following the 2008 financial crisis and 2011 unrest. The global drop in oil prices and the resulting budget shortfalls have increased the urgency to enact economic and fiscal reform to support sustainability, transparency, and competitiveness in Bahrain. The IMF has signaled its concern about Bahrain's fiscal situation and the need to regain credibility in international markets through effective measures to rationalize government expenditures and increase government revenue. Support from GCC partners has helped to offset the cost of government investment in infrastructure, but more assistance from regional partners will likely be needed. Through the Crown Prince's Economic Vision 2030, the GOB has begun to implement policies aimed at enhancing competitiveness and sustainability, improve and expand government revenues through both subsidy reform and the implementation of new taxes, as well as efforts to increase employment. Effective

implementation of these reforms, some of which may be politically unpopular, is critical to economic stability in Bahrain. Without timely fiscal adjustments, Bahrain risks becoming more dependent on external support or having to take more extreme measures in the context of tightening global financial conditions.

Mission Objective 3.2 Bahrain maintains a level playing field for U.S. businesses and provides opportunities for U.S.-based companies in key growth sectors of the Bahrain economy.

Justification: Bilateral trade and investment create jobs and prosperity for both the United States and Bahrain. Leveraging the bilateral U.S.-Bahrain Free Trade Agreement (FTA) is critical to advancing shared prosperity. Post seeks to ensure Bahrain remains an open and fair playing field for U.S.-based businesses amidst increased competition from new entrants in search of opportunities in the lucrative Gulf markets. In order for Bahrain to be an attractive business location, Post encourages entrepreneurship, private sector access to finance, business-friendly laws and regulations, enforcement of laws that support transparency, and a level playing field in government tenders. A failure to ensure a fair playing field will result in lost opportunities for U.S. business, a weakening of U.S. - Bahrain commercial relations, and a diminishing in Bahrain's reputation as an open and welcoming place for U.S. businesses to operate.

4. Management Objectives

Management Objective 1 Improve the efficiency and effectiveness of ICASS support services to improve overall customer service satisfaction.

Justification: Management will provide creative and innovative solutions to measurable service interactions, which will improve satisfaction with ICASS services in areas that have been identified with sub-par service. Management will use metrics gathered from customer service satisfaction tools such as the Collaborative Management Initiative (CMI) and the annual ICASS customer satisfaction survey to make these needed adjustments. The Management team will also work with the ICASS Council to decrease costs and strengthen Management controls to reduce waste, fraud, and abuse. Inefficient and ineffective ICASS support services could reduce morale of employees and family members.

Management Objective 2 Improve the overall compensation for Mission staff to ensure that the U.S. Embassy in Manama is a competitive work place.

Justification: Already, the Embassy's wage and benefits comparator is well below HR/OE's goal of meeting the 65th percentile in the market place. Post's LE Staff have not had a change in their basic compensation since December 2015. The Mission is at the 50th percentile of compensation compared to our comparators. Rising inflation and a reduction in subsidies is impacting our workforce negatively. As Bahrain competes with other GCC countries to attract the most talented labor from third countries (Third Country Nationals (TCNs) represent 60 percent of the embassy's staff), there is additional pressure on Post to sustain an attractive benefits package in order to retain talent and ensure that the quality of life for staff is competitive with other available options in a tight labor market. As Bahrain continues to attract multinational companies to shift operations to Bahrain, this pressure will only increase. The inability to compensate fairly could lead to the departure of highly motivated LE staff.

Management Objective 3 Improve the functionality of the Chancery infrastructure.

Justification: Opened in 1990, the Chancery's physical infrastructure provides a safe, secure, and stable foundation that enhances the productivity of Mission employees working to meet Mission Objectives. Based on a 2013 OIG report, a lack of space was identified as a major MGMT challenge and there are several short-term projects underway to address immediate needs. However, after 30 years, the Chancery is in need of a major rehabilitation of its infrastructure and systems. The rehabilitation would include upgrades to electrical, IT, HVAC, plumbing and security systems to support our diplomatic mission. Opportunities to serve as a hub for other agencies driven by Bahrain's participation in the GCC or its hosting of NAVCENT are significantly limited by the age of the structure as well as the current office layout and design. As repairs and upgrades are delayed, there is a possibility of catastrophic systems failures that will be costly to fix.

Management Objective 4 Improve the number of qualified bidders on Foreign Service positions in Bahrain.

Justification: Following the 2011 protests, staffing at the Embassy has remained a challenge. Embassy Manama is considered a Historically Difficult to Staff (HDS) to post. The work that is being done across the Mission is highly valued in Washington, DC and the inter-agency community. Post must use available Management resources and Washington-based resources to better advertise Bahrain as an assignment that offers entry to the NEA region and a great quality of life. This will allow the Mission to select from a larger pool of qualified candidates. A lack of qualified bidders can lead to significant gaps in positions being filled and an increased workload for other officers, decreasing efficiency and morale.