



THE SABAN CENTER
for MIDDLE EAST POLICY
at THE BROOKINGS INSTITUTION

ANALYSIS PAPER

Number 10, September 2006

WHAT PRICE FREEDOM?

ASSESSING THE BUSH ADMINISTRATION'S
FREEDOM AGENDA

TAMARA COFMAN WITTES
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ABBREVIATIONS

BMENA	BROADER MIDDLE EAST AND NORTH AFRICA INITIATIVE
DAD	DEMOCRACY ASSISTANCE DIALOGUE
DRL	U.S. STATE DEPARTMENT'S BUREAU OF DEMOCRACY, HUMAN RIGHTS AND LABOR
GAO	GOVERNMENT ACCOUNTABILITY OFFICE
G8	GROUP OF EIGHT MAJOR INDUSTRIALIZED NATIONS
HRDF	HUMAN RIGHTS AND DEMOCRACY FUND
MEFTA	MIDDLE EAST FREE TRADE AREA INITIATIVE
MENA	MIDDLE EAST AND NORTH AFRICA
MEPI	MIDDLE EAST PARTNERSHIP INITIATIVE
NED	NATIONAL ENDOWMENT FOR DEMOCRACY
NDI	NATIONAL DEMOCRATIC INSTITUTE
NGO	NON-GOVERNMENTAL ORGANIZATION
USAID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
WTO	WORLD TRADE ORGANIZATION

EXECUTIVE SUMMARY

Three years ago, in response to the terrorist attacks of September 11, 2001, the Bush Administration launched what is now known as the Freedom Agenda, an ambitious policy to improve the long-term stability of Arab states and reduce the appeal of extremist ideology by advancing democratic transformation in the region. This new strategy represented a major shift in the traditional U.S. foreign policy approach to the Middle East, and has evoked varied reactions ranging from enthusiasm to ambivalence to outright hostility. Only three years on, the Freedom Agenda is facing a backlash from critics concerned that Arab democratization might not work out in the United States' favor. Elections in Egypt, Iraq, Lebanon and the Palestinian territories in 2005 and 2006 brought success to groups with radical and—in some cases—anti-American views, evoking responses from the U.S. government that called America's commitment to democratization into question. Can President George W. Bush's bold democracy drive in the Middle East be sustained in the face of apparent setbacks like those in Egypt and Lebanon? Will the Freedom Agenda, described by its authors as a generational commitment, survive the end of Bush's final term in office?

This Saban Center Analysis Paper will assess what the Bush Administration's Freedom Agenda has accomplished in its first few years, and how well the policy shift it represents has become embedded in the institutions and operation of U.S. foreign policy.

In implementing the Freedom Agenda, the U.S. government has deployed multiple tools of foreign policy, including the presidential bully pulpit and diplomatic pressure. This paper will focus on the policy architecture in place to promote the Freedom Agenda, laying out the funding mechanisms and programmatic structures of three major initiatives: the Middle East Free Trade Area Initiative; the Broader Middle East and North Africa Initiative; and democracy assistance programs including those managed by the Middle East Partnership Initiative, the State Department's Bureau of Democracy, Human Rights and Labor and the United States Agency for International Development.

U.S. democracy assistance to the Middle East has increased considerably in recent years, but diplomatic efforts to support democratic development have lagged behind. However, the ultimate success of the United States' democracy promotion effort will rest in large part on the degree to which the Administration is able to build effective institutions to advance democracy that will outlast President Bush's term in office. Thus far, the Middle East Free Trade Area Initiative and the Broader Middle East and North Africa Initiative both present only limited means to achieve that goal.

The Middle East Partnership Initiative was created in December 2002 as the flagship U.S. program to advance Arab reform. While total Middle East Partnership Initiative funding has remained relatively stable, the

allocation of funds has changed significantly over time, as the Administration has focused further on political reform and programs that aid in the long-term processes of social and political institution-building. Through these shifts in programming and through building its own organizational structure, the Middle East Partnership Initiative has improved its ability to work with local Arab actors and worked to influence other aspects of U.S. policy that affect the environment for Arab reform.

The major barrier to effective U.S. support for Arab civil society at present is not the Middle East Partnership Initiative's internal capacity, but the hostility of autocratic Arab governments to any greater independence or activism in the non-governmental sector. To preserve recent gains by the non-governmental sector and ensure that alternatives to Islamist political parties have the chance to establish themselves and grow, the U.S. government should frontally address with its Arab government partners the imperative for improved freedom of association. The Middle East Partnership Initiative should work closely with U.S. embassy staffs and should receive firm diplomatic support for such efforts to be effective.

A further challenge for the Middle East Partnership Initiative and other approaches to democracy assistance is to focus on programs that will affect the prospects for meaningful, long-term political change, despite constant pressure to fund projects that produce short-term, measurable results or public relations opportunities. Empowering local actors and facilitating local coalition-building often means avoiding the spotlight and minimizing the U.S. imprint on projects supported by the Middle East Partnership Initiative. It also requires that the Middle East Partnership Initiative identify concrete milestones and opportunities for interim progress on long-term issues like the advancement of political liberties. The U.S. government should follow through on its declared realization that democracy promotion in the Middle East is a long, difficult process that will not produce its fruits during this administration.

It is clear that the Bush Administration's "forward strategy of freedom," and its flagship program, the Middle East Partnership Initiative, have made significant gains since first announced three years ago. Through a large increase in funding over time and improved attention at higher levels of the government, U.S. democracy assistance has managed to make some headway in the Middle East and at home, placing freedom closer to the top of the Administration's foreign policy agenda in the region. However, the U.S. democracy promotion program in the Middle East faces significant challenges over the next two years if it is to remain a relevant part of U.S. foreign policy into the next administration.

To institutionalize the Freedom Agenda for long-term success, the democracy promotion strategy should:

- be tailored to country-specific circumstances;
- enjoy close and consistent support from ambassadors in the field as well as at the highest levels of the State Department and White House;
- resist short-term exigencies, including public diplomacy and strategic considerations, that tend to erode democracy promotion efforts over time; and,
- support the social and institutional changes in Arab states that will promote the long-term expansion of freedom and political accountability.

Developing such a strategy requires the Administration to resolve difficult but unavoidable trade-offs among short-term and long-term goals, and between democracy promotion and other strategic U.S. interests. It also requires improved policy coherence across the U.S. government to ensure that no mixed messages are sent to recalcitrant regional rulers. Only if the Bush Administration can settle these questions will the Freedom Agenda outlast the next presidential election. And only when the Freedom Agenda develops staying power will it acquire the necessary credibility with leaders and reformers in the Arab world to lay the foundation for substantive progress in political freedom in years to come.

THE AUTHORS

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INTRODUCTION

Only three years into the implementation of President George W. Bush's Freedom Agenda, the policy is facing a backlash from critics concerned that Arab democratization might not work out in the United States' favor. President Bush announced the Freedom Agenda in a speech to the National Endowment for Democracy (NED) on November 6, 2003.¹ However, elections in several Arab states in 2005 and 2006, in particular, have provoked a rethinking of this approach. In Iraq, sectarianism triumphed as Shi'ah movements, each bolstered by its own armed militia, dominated the parliamentary balloting. In Egypt, President Hosni Mubarak's weakened ruling party lost a significant number of parliamentary seats to candidates allied to the Muslim Brotherhood, an Islamist group whose views are inconsistent with pluralist politics and U.S. interests. Most notably, the January 25, 2006, electoral victory in the Palestinian territories of Hamas, an armed Islamist movement that uses terrorism, has led many American observers to suggest that democracy promotion might be a foolhardy course for the United States in a region that is already rife with strategic challenges.

Moreover, during the past year or so the discontinuities in U.S. policy towards Middle Eastern democracy have also been striking, raising questions about the depth and

sustainability of the U.S. government's commitment to democracy promotion in the Arab world. President Bush personally called President Mubarak in the spring of 2005 to voice his expectations for a freer press and for independent monitoring of Egypt's then forthcoming presidential and parliamentary elections. In 2005, for the first time, the U.S. embassy in Cairo gave funding to Egyptian non-governmental organizations (NGOs) without Egyptian government approval. Just six months later, however, the State Department's muted reaction to Mubarak's intimidation of judges, jailing of protestors, two year postponement of local elections due in April 2006, and renewal of emergency legislation at the end of April 2006 left observers puzzled. Can President Bush's bold democracy drive in the Middle East be sustained in the face of setbacks such as Mubarak's backsliding, or increased costs like the Hamas victory in the January 2006 Palestinian elections? Will the Freedom Agenda, described by its authors as a generational commitment, survive the end of President Bush's term in office?

A detailed assessment of the work done by the Bush Administration to advance the Freedom Agenda in the Middle East is required to answer these questions fairly. Only such an analysis can distinguish just how much has, and has not, changed in the U.S. approach

¹ Office of the Press Secretary, White House, "President Bush Discusses Freedom in Iraq and Middle East: Remarks by the President at the 20th Anniversary of the National Endowment for Democracy", November 6, 2003 available at <<http://www.whitehouse.gov/news/releases/2003/11/20031106-2.html>>.

to the autocratic politics of Arab leaders, and how much the United States is willing to invest, and should yet invest, to promote the democratic transformation of the Middle East.

This essay will assess what the Bush Administration's Freedom Agenda has accomplished in its first few years, and how well the policy shift it represents has become embedded in the institutions and operation of U.S. foreign policy. The essay will describe the policy architecture in place to promote the Freedom Agenda, with particular emphasis on the Middle East Partnership Initiative (MEPI), created in December 2002 as the flagship program to advance Arab reform. Through a discussion of the new policy tools that have been put in place to accomplish these ends, this paper will illustrate the challenges facing the U.S. government in ensuring the Freedom Agenda's sustainability and success.

The U.S. government's effort to shift its policy towards supporting democratic reform in Arab politics has made significant initial progress, but faces even more important challenges in coming years. On the one hand, the Bush Administration's new rhetoric and commitment to new programs like MEPI and the Broader Middle East and North Africa Initiative (BMENA) of the Group of Eight leading world economies (G8), combined with growing internal pressures for reform, coaxed a noticeable change in attitude—if not in intentions—out of Arab

governments. In February 2004, when a U.S. proposal for a G8-sponsored Middle East reform program was leaked to a newspaper, major Arab leaders such as Egyptian President Mubarak felt comfortable rejecting the concept out of hand as imperialist and irrelevant.² Today, by contrast, virtually every Arab government has formally committed to participate in some aspect of the same G8 initiative. The Bush Administration has also succeeded, in a tight budget environment, at persuading a skeptical Congress to invest new funds in this democratization initiative, and at engaging Western allies in a continuing discussion of Middle Eastern democracy and how to achieve it.

The new challenge for the United States is to persuade Arab governments that its commitment to regional democratization is both sincere and serious. This will require the Bush Administration to delineate how it will handle the inevitable trade-offs between the long-term project of democracy promotion and shorter-term imperatives such as counterterrorism cooperation, assistance in stabilizing Iraq, and support for the Middle East Peace Process. Looking ahead, the greatest challenge facing the Freedom Agenda is to build an approach to Middle East democracy promotion that merges diplomacy and assistance in a mutually-reinforcing strategy that is deeply rooted in the institutions and daily conduct of U.S. foreign policy. Only when that occurs will the Freedom Agenda have produced a sea change in U.S. foreign policy.

² *Agence France-Presse*, "Mubarak leads opposition to Bush initiative," February 26, 2004, available at <<http://www.dawn.com/2004/02/27/int6.htm>>.

TOOLS TO PROMOTE DEMOCRATIC REFORM

In implementing the Freedom Agenda, the U.S. government has deployed multiple foreign policy tools, including the presidential bully pulpit and diplomatic pressure.³ Inconsistency in the use of these tools is to be expected, since the decision to issue a presidential statement or engage other high-level efforts reflects a complex mix of considerations that extend beyond any specific country or concern. A good example was Vice President Richard Cheney's visit to the former Soviet Union in early May 2006, during which he harshly criticized Russia's backsliding on democracy, before the very next day warmly embracing the authoritarian government of President Nursultan Nazarbayev in Kazakhstan.⁴ Such inconsistency may be inevitable, but its inevitability means that the use of such tools does not provide a reliable guide to the sincerity or intensity of Administration efforts to advance democracy abroad.

Due to this inevitable inconsistency in the use of high-level diplomacy, the ultimate success of America's democracy promotion effort will rest in large part on the degree to which the administration is able to build effective institutions to advance democracy that will make sustained efforts regardless of the broader political context, and will outlast the term of any one president. This paper will therefore focus on the three new programmatic components thus far built to advance the Freedom Agenda: the Middle East Free Trade Area Initiative (MEFTA); BMENA; and enhanced levels and new types of democracy assistance, given through MEPI and other agencies such as the U.S. State Department's Bureau of Democracy, Human Rights and Labor (DRL) and the United States Agency for International Development (USAID).

3 Some argue that the United States also uses military force to advance democracy promotion; however, it is worth noting that U.S. policy does not primarily, or even significantly, rely on military force to promote Middle East democracy. While the overthrow of a brutal dictatorship and the expansion of democracy was one of the arguments the United States made for the Iraq war, it was never the primary one. Indeed, it was tertiary, ranking below concerns over weapons of mass destruction and Iraqi links to terrorism. The democratization rationale for the Iraq war has been highlighted more in retrospect than it was at the time, because the other two arguments have proven weak in retrospect. Also, having succeeded in overthrowing Saddam Hussein, the issue of what successor government the United States would cultivate naturally moved to the fore. But democracy in the Middle East is not a project the United States has ever signaled an intention of pursuing through force of arms, and after the Iraq war any appetite for such an approach must be even smaller than it may have been before.

4 Office of the Vice President, "Vice President's Remarks at the 2006 Vilnius Conference," May 4, 2006, available at <http://www.whitehouse.gov/news/releases/2006/05/20060504-1.html>; "Vice President's Remarks in a Press Availability with President Nursultan Nazarbayev of the Republic of Kazakhstan," May 5, 2006, available at <http://www.whitehouse.gov/news/releases/2006/05/20060505-4.html>.

TABLE 1

AREAS ADDRESSED BY THE FREEDOM AGENDA

Program	Political Reform	Economic Reform	Education Reform	Women's Empowerment
Middle East Free Trade Area	✓	✓		
Broader Middle East and North Africa Initiative	✓	✓	✓	
Democracy Assistance Programs (MEPI, DRL, USAID)	✓	✓	✓	✓

✓ - core program focus

✓ - conceptual commitment-no programming

MIDDLE EAST FREE TRADE AREA

One new U.S. program to advance democratic reform in the Middle East is President Bush's initiative to build free-trade agreements (FTAs) between the United States and every Middle Eastern country over the coming decade. The free-trade initiative is designed to increase trade and investment between the United States and the Middle East. It seeks to promote the structural economic and governance reforms that free international trade and investment require; for example, transparency in government regulation, protection of intellectual property, and the rule of law to enforce contracts. By 2013, President Bush envisions MEFTA, a free trade area between the United States and the Middle East, built upon these bilateral agreements.⁵ Thus far, FTAs have been concluded with Jordan, Morocco, Bahrain, and Oman. Negotiations with the United Arab Emirates (UAE) began in 2005, and pre-FTA framework agreements exist with many other Arab states. The U.S. government is also assisting Arab states that have not yet joined the World Trade Organization (WTO) to reach that goal, as an initial step towards improved trade relations with the United States.⁶

Animating the MEFTA initiative is the notion that free trade will have benefits for the Middle East beyond reducing poverty and unemployment: that it will help nurture democracy. This belief is rooted in an assumption about the relationship between economic and political liberalization based largely on the experience of the so-called "Asian Tigers" (such as Taiwan and South Korea). The idea is that free-market reforms can act as tools of democratization, because economic liberalization, and the economic growth it generates, will build an independent middle class that will then demand secure property rights, due process of law, and eventually political rights and freedoms from their governments. In its annual reports, the Office of the United States Trade Representative argues that the FTAs it concludes in the Middle East will support political and economic reforms in the partner countries.⁷ Likewise, MEPI buttresses the MEFTA initiative through technical assistance to Arab governments and trade-promotion activities for the private sector.

However, this assumption about economic reform's democratizing effect may not hold for the oil-rich states of the Middle East. In these countries, the government

⁵ Office of the United States Trade Representative, "Middle East Free Trade Area Initiative", available at <http://www.ustr.gov/Trade_Agreements/Regional/MEFTA/Section_Index.html>.

⁶ Among the Arab states, Algeria, Lebanon, and Yemen are still not WTO members.

⁷ See, for example, Office of the United States Trade Representative, *The President's Trade Policy Agenda*, March 1, 2006, p.4, available at <http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_Trade_Policy_Agenda/asset_upload_file151_9073.pdf>.

plays a massive role in the national economy because it can easily achieve sizeable revenues from sales of state-managed energy resources. This government-controlled revenue stream allows the authorities to sustain significant social welfare subsidies without taxation. The effect of these oil rents (and in other cases, strategic rents in the form of Western military and economic aid) tends to keep all economic classes, but especially the white-collar middle class, dependent on the state, and thus reduces the likelihood of a South Korean-style middle-class mobilization for political freedom. Tunisia's impressive economic growth and attraction of foreign investment have not loosened the grip of one of the region's most effective police states, because of the dependence of private sector actors on the munificence of the government.⁸ Indeed, some regimes in the Middle East look to China, not to South Korea, as their model, because the Chinese state has facilitated economic liberalization and sustained tremendous growth without meaningfully opening up its politics.⁹

Given the complication that oil rents pose to the assumed relationship between economic and political freedom, it is notable that three of the first five American FTA efforts in the region involved relatively small, oil-producing states: Bahrain, Oman, and the UAE. Negotiations with these countries are relatively straightforward because the trade volumes are small and the local economies fairly one-dimensional. Negotiations with Bahrain required a mere four months, and with Oman only seven. Freer trade relations with these states do not, by and large, threaten American industries with new competition, making Congressional approval easier.

The small Persian Gulf states were eager to jump on the MEFTA bandwagon precisely because FTAs do not by and large threaten their domestic power relations. Arab regimes with larger, more diverse economies rely on a more complex network of preferential economic relations to support their rule, and worry more about lost jobs and other destabilizing effects of freer trade. They have therefore been more reluctant to embrace the reforms that an FTA entails.

These difficulties point to the limits of MEFTA as a strategy to promote regional reform: it only works to support liberalization in those states that have already chosen to embrace it. Where that commitment to liberalizing reform is evident, free-trade-related policy changes may have some positive impact on governance. For example, requiring public disclosure of regulatory changes may give labor and environmental NGOs better information and a chance to influence policy. Open bidding for government contracting may reduce corruption and help small businesses compete against regime-favored business élites. The FTAs signed thus far include provisions on labor standards, government transparency, and other issues that might, over time, become useful tools for reformers. Bahrain, for example, has just legalized labor unions for the first time, as required by its FTA.

If the commitment to liberal reform is not already present in Arab regimes, however, then these technical aspects of FTAs are unlikely to do the job alone. Until the MEFTA initiative can engage the larger economies of the region, and can demonstrate a capacity to increase local employment and build up an independent, export-oriented private sector, its impact on regional democratization is likely to be limited.

⁸ For a complete discussion of Tunisia's failed reform, see Eva Bellin, *Stalled Democracy: Capital, Labor, and the Paradox of State-Sponsored Development* (Ithaca: Cornell University Press, 2002).

⁹ Afshin Molavi, "Tehran Dispatch: Fine China," *The New Republic*, September 8, 2003, available at <<http://www.tnr.com/doc.mhtml?i=20030908&s=molavi090803>>. It may, however, be the case that rapid economic growth in a closed political system like China's is producing its own sickness: government officials under pressure to show results are putting government loans behind dubious investments, risking the collapse of China's financial sector if these projects fail. See Adam Davidson, "China's Economy May Outgrow Its Environment," *Weekend Edition*, National Public Radio, July 16, 2006, available at <<http://www.npr.org/templates/story/story.php?storyId=5560807>>.

BROADER MIDDLE EAST AND NORTH AFRICA INITIATIVE

In 2004, during the United States' chairmanship of the G8, the Bush Administration proposed the "Partnership for Progress and a Common Future for the Broader Middle East and North Africa"—or, to use its blessedly briefer acronym, BMENA. The cornerstone of BMENA is the Forum for the Future, an annual meeting of governments, business and civil society groups from the G8 and the Middle East. The first Forum for the Future was held in Rabat, Morocco in 2004, the second in Manama, Bahrain in 2005, and a third Forum is scheduled for late 2006 in Jordan.¹⁰ In addition, BMENA comprises several small multilateral projects designed mainly to assist the development of private enterprise in the Middle East and to promote literacy and job training. Two new, U.S.-led BMENA initiatives were announced at the Manama Forum in 2005 but are not yet operational: a Foundation for the Future that will pool international funds to support Arab non-governmental activity; and a Fund for the Future that will invest in small- and medium-sized enterprises as an engine for regional economic growth.

The BMENA Initiative cements a consensus among Western states that continued political stagnation in the Arab Middle East threatens the peace and stability of that region, as well as the security of Western states. The BMENA statement of principles clearly articulates that democratic values are universal.¹¹ Moreover, the G8 agreed that the uniqueness of local circumstances "must not be exploited to prevent reform," a clear reference to states, such as Saudi Arabia, that claim that their faith and conservative identity make progressive social and political reform unpalatable to their societies. The BMENA statement of principles also describes business and civil society groups as "full partners" in the

work of democratic reform alongside governments. While the BMENA Initiative notes that resolving the Israeli-Palestinian conflict is "an important element of progress in the region," it argues that "regional conflicts must not be an obstacle for reforms." This declaration represented new common ground amongst the members of the G8 and presented a challenge to which Arab governments, despite initial dismissals and denunciations, felt compelled to respond.

While the BMENA Initiative achieved transatlantic unity behind the *goals* of regional reform, it did not provide much in the way of credible *mechanisms* to realize that commitment. Beyond its Forum for the Future and the Democracy Assistance Dialogue (DAD), the "Plan of Support for Reform" commits the G8 to some small-scale economic and social development programs, many of which are only tenuously related to democracy promotion.

Most fundamentally, the BMENA initiative fails to wield the economic benefits it lays out as leverage to persuade reluctant Arab regimes of the necessity of political reform. While most Arab states readily accept the imperative of reform to spur economic growth and social development, they do not share Western states' view of democratic development as a necessary part of the reform package. As U.S. interests in Arab political development dictate broad-reaching goals that diverge from the chosen path of most of America's regional allies, U.S. strategy should exert pressure on these states to change their policies while minimizing the costs and risks associated with a more aggressive approach. Linkage between economic incentives and political outcomes is necessary to alter the environment within which Arab leaders make decisions about reform, to sharpen their discomfort and increase the costs associated with maintaining the *status quo*, and to maximize the pay-

¹⁰ The Rabat 2004 Forum for the Future website is available at <<http://www.maec.gov.ma/future/en/index.htm>>, the Bahrain 2005 Forum website is at <<http://www.mofa.gov.bh/FutureForum/e/index.asp>>. The BMENA website, available at <<http://bmena.state.gov/>> has information about the Forum concept.

¹¹ Group of Eight, "Partnership for Progress and a Common Future With the Broader Middle East and North Africa Region," Gleneagles, Perthshire, Scotland, June 8, 2005, available at <<http://bmena.state.gov/rls/fs/55743.htm>>.

off to them for moving toward more liberal economics, politics, and society. The problem is that with no human rights or similar criteria for participating in the G8's new literacy, job training and business promotion programs, Arab states are offered the help of the West to implement the economic reforms they largely want, while ignoring Western pressures for the political reforms they do not want.

The distinctly political elements of the BMENA Initiative, the Foundation for the Future and the DAD, are less developed than the economic programs. Nonetheless, they may begin to show pay-offs in the coming years if American efforts are sustained and can attract greater support from other Western governments. The Foundation for the Future was announced by Secretary of State Condoleezza Rice at the November 2005 BMENA Forum in Bahrain, and has thus far attracted more than \$55 million in pledges from Western and Middle Eastern governments, including a \$35 million pledge from the United States (see Table 2). The Foundation is designed as a non-profit, grant-making organization, governed by a board of directors made up of private individuals from the broader Middle East along with Western representatives. At an inaugural meeting of the Foundation board in mid-July 2006 in Doha, Qatar, the board selected officers and agreed to establish the Foundation's operating headquarters in Beirut, Lebanon.¹² The Foundation still faces significant obstacles to beginning work, such as drafting by-laws and, most crucially, persuading Arab governments to allow their local NGOs to apply for and receive Foundation grants.¹³ The DAD, which was meant to coordinate amongst Western donor states and local Arab reform activists, has yielded but a handful of meetings, with one visible result that some of their participants helped formulate plans for the Foundation for the Future.

TABLE 2

CONFIRMED CONTRIBUTIONS TO THE FOUNDATION FOR THE FUTURE

As of December 14, 2005	
United States	\$35 million
Qatar	\$10 million
Denmark	\$2 million
Greece	\$1.5 million
European Commission	\$1.2 million ^a
Britain	\$1 million
Jordan	\$1 million
Spain	\$1 million
Switzerland	\$1 million
Netherlands	\$1 million
Turkey	\$500,000
Hungary	In kind
Italy	TBD
Bahrain	TBD
^a The European Commission's contribution, which comes from European Union funds, is denominated in euros and is €1 million.	

Source: U.S. Department of State, "Confirmed Contributions to the Foundation for the Future", December 14, 2005. Available at <<http://bmena.state.gov/59527.htm>>.

BMENA's greatest potential lies in two areas: whether the Forum for the Future can successfully press Arab governments to face up to the combined demands of internal and external actors for political reform and whether BMENA joint projects can improve international cooperation on Middle Eastern democracy promotion. Thus far, the record is too weak to suggest that BMENA is meeting either of these goals. Western governments have now, after two years, succeeded in corraling all the Arab governments to show up at the Forum for the Future—but at the price of limiting

¹² The violence in Beirut as of July 2006 may further delay the Foundation's activities.

¹³ At the July 2006 meeting, Anwar Ibrahim of Malaysia was selected as Board Chairman of the Foundation for the Future. Rahma Bourqia of Morocco was selected as Board Vice Chairman and Bakhtiar Amin of Iraq as President. Former U.S. Supreme Court Justice Sandra Day O'Connor and Cornelio Sommaruga of Switzerland, a former President of the International Committee of the Red Cross, will also serve on the executive committee. The Foundation's website says that the organization will work in all the Arab countries of the Middle East and Pakistan.

TABLE 3**MAJOR MIDDLE EAST DEMOCRACY PROMOTION PROGRAMS IN THE U.S. GOVERNMENT**

Program	Funded by	Total Spending FY05 (\$ 1,000s)
USAID Democracy and Governance	Annual Congressional appropriation for USAID as a whole	105,195 ^a
DRL	Human Rights and Democracy Fund (HRDF), an annual Economic Support Fund allocation	3,968
NED	Annual Congressional appropriation line-item that is privately administered and DRL	25,325 ^b
MEPI	Annual Congressional appropriation from the Economic Support Fund	74,400
^a USAID Democracy and Governance funding is determined by calculating funding totals from all programs in Middle Eastern countries with a democracy and governance focus. ^b NED Middle East spending figures are only available for 2004.		

NGO participation and watering down the agenda to emphasize economic issues rather than democracy. The host of the 2005 Forum, Bahrain, used executive powers to forbid public marches or protests during the meeting.¹⁴ The Egyptian government also managed to scuttle what would have been the Forum's only substantive product: a draft declaration that would have called on Arab states to allow greater scope of action for local NGOs.¹⁵

European Union states have been slow to contribute to the new BMENA economic and literacy projects, while the European Union itself continues to pursue its Neighborhood Policy of bilateral "partnership agreements" with regional states that, once again, give short shrift to advancing political freedoms or the role of civil society in EU-Arab relations. Russian chairmanship of the G8 and new security crises in the region in 2006 are further damping down Western attention to the issue of democracy promotion, and

without concerted effort BMENA might well slip quietly into the heaping dustbin of previous attempts at transatlantic cooperation in the Middle East.

MIDDLE EAST DEMOCRACY ASSISTANCE

U.S. democracy assistance to the Middle East is channeled through three main offices: MEPI in the State Department; DRL in the State Department; and USAID. Along with these three bodies, other programs across the U.S. government implement programs related to the U.S. democracy assistance effort, often using funding from one of these three sources.

U.S. democracy assistance to the region has increased considerably in recent years. Before September 11, 2001, U.S. government spending on democracy and governance in the Middle East was minimal, with DRL spending only \$148,000 on Middle East projects in Fiscal Year 2001 (FY01) and USAID spending \$27 million. In FY06, by contrast, total U.S. government

¹⁴ *Agence France-Presse*, "Bahrain bans protests during reforms forum," July 29, 2005.

¹⁵ Anne Gearan, "Mideast Democracy Summit Ends With No Deal," Associated Press, November 13, 2005. A version of this declaration was, however, adopted over Egyptian objections at the Democracy Assistance Dialogue in June 2006 in Sana'a, Yemen.

TABLE 4**MAJOR U.S. GOVERNMENT SPENDING ON MIDDLE EAST DEMOCRACY AND GOVERNANCE (\$1,000s)**

Program	FY01	FY02	FY03	FY04	FY05
MEPI	N/A	29,000	100,000	89,500	74,400
USAID	27,153	27,795	28,850	87,930	105,195
DRL	148	2,549	7,979	8,199	3,968
TOTAL	27,301	59,344	136,829	185,629	183,563

spending on democracy and governance in the Middle East is expected to top \$200 million.¹⁶ As Table 3 demonstrates, even in an era of tight budget constraints, the Bush Administration has been successful in channeling new funds towards the Freedom Agenda.

U.S. spending on democracy promotion in the Middle East is, however, still relatively modest when compared to similar efforts in previous eras. For example, in the first five years following the end of the Cold War and the establishment of the Freedom Support Act (1992-6), the United States spent \$4.264 billion on democracy promotion in the former Soviet states, or \$14.6 per capita. That is over 18 times the amount spent per capita in the Middle East in first five years following September 11, 2001, or which was equal to \$0.8 per capita.¹⁷

In the former Soviet bloc, of course, the U.S. government was working to consolidate a democratic transition in newly independent countries whose previous regime had already collapsed, enabling far swifter and more extensive spending to reform political institutions, build civil society, and conduct competitive elections. In the Middle East, the autocratic regimes still in place erect significant barriers to increased U.S. assistance to local civic groups. Given the obstacles that MEPI

and other democracy promotion programs still face to spending their funds effectively in this relatively hostile environment, additional funds devoted to Middle East democracy promotion would probably not be well spent at the present time. Rather, the focus of American efforts should be to match diplomacy closely to programs, and to maximize the impact of each dollar spent. Furthermore, bilateral aid programs to Middle Eastern governments should still be revised to reflect the enhanced importance of democracy promotion as a U.S. objective. When this process is completed, the effective total of U.S. funds devoted to Middle East democracy promotion will likely have increased.

The largest grant-making agency engaged in democracy assistance to the Middle East is the USAID. Created by President Kennedy in 1961 through the Foreign Assistance Act, USAID, through its annual Congressional appropriation engages in long-term bilateral assistance to advance economic and social development in recipient countries. USAID's funding for democracy and governance in the Middle East has nearly quadrupled over the past five years, from \$27 million in FY01 to \$105 million in FY05. Currently, the Agency for International Development has democracy and governance programs in Egypt, Iraq, Jordan, Lebanon, Morocco, Yemen, the West Bank and the Gaza Strip.

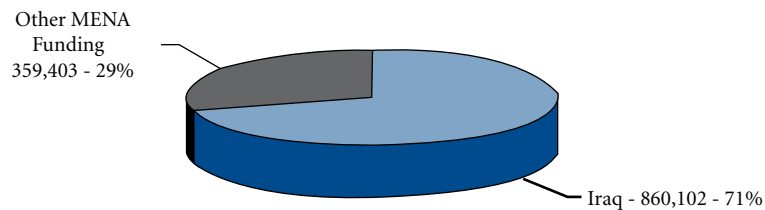
¹⁶ While DRL's FY06 figures for Middle East-specific spending are not available, the MEPI FY06 estimate is \$99 million and the USAID estimate is \$110 million.

¹⁷ Curt Tarnoff (Foreign Affairs, Defense, and Trade Division), "The Former Soviet Union and U.S. Foreign Assistance," *CRS Issue Brief for Congress*, IB95077, April 18, 2001, available at <<http://www.cnie.org/nle/crsreports/international/inter-33.cfm>>.

U.S. ECONOMIC ASSISTANCE TO THE MIDDLE EAST: THE IRAQ EFFECT

As the vast majority of U.S. economic assistance in the Middle East and North Africa (MENA) goes toward Iraq (some \$24 billion in FY04-FY06), the Iraq account tends to distort the broader democracy assistance picture. As the chart below indicates, 71 percent of USAID democracy and governance funding over the past five years has gone to Iraq. The governance challenges in Iraq are unique in the Middle East, and are focused as much on reconstruction as on democratization. It is difficult to determine from public information how much of the money allocated to Iraq is spent on democracy assistance (i.e. civil society capacity building, political institution development, elections assistance) and how much of that money is spent on physical or institutional reconstruction of government offices. The data analysis presented here therefore excludes Iraq-focused programs. However, it is worth noting that some Iraqi individuals engage in region-wide programs sponsored by MEPI and other agencies, and that there are democracy-specific U.S. assistance programs being implemented in Iraq.

USAID Democracy and Governance Funding in MENA (FY01-FY05)
(\$1,000s)



Source: USAID budget available at <<http://www.usaid.gov/policy/budget/>>.

By contrast, the State Department's DRL is the smallest piece of the funding puzzle. DRL funding for democracy assistance comes from the Human Rights and Democracy Fund (HRDF), established in 1998 to "address human rights and democratization emergencies." HRDF has increased from \$13 million in FY01 to \$48 million in FY05. Of that money, a significant portion (22 percent in FY05) goes to support the NED, a private, non-profit grant-making organization that receives additional funding from an annual congressional appropriation line-item.

DRL's Middle East contribution is, concomitantly, relatively small. From 2002 to 2005, it has only spent 15 percent of its budget on the Middle East, generally on programs that are small in scale and have a region-

wide focus. Sample DRL programs include a \$559,000 grant in FY02 to train Middle East democracy advocates region-wide; a \$1.5 million grant in FY02 and FY03 to train independent media in the region; and a \$350,000 FY04 grant to provide identity cards to rural Egyptian women to enable them to register to vote.

In addition to these governmental assistance programs, mention must be made of the NED. In 2004, the NED spent \$25,325,936 on programs in the Middle East (with \$5,884,467 of that money going towards programs in Iraq).¹⁸ NED programs range from small, local programs, such as a \$35,000 grant to the Arab Women Media Center in Jordan, to a \$597,045 grant to the American Center for International Labor Solidarity, to strengthen trade unions across the Middle East.

¹⁸ National Endowment for Democracy, "Middle East and North Africa 2004 Program Highlights", available at <<http://www.ned.org/grants/04programs/highlights-mena04.html>>. Funding for NED programs for other years is not publicly accessible.

THE MIDDLE EAST PARTNERSHIP INITIATIVE

This paper's quantitative analysis is focused on MEPI because it was formulated as the flagship for the new American approach to the region, one which emphasized development of a long-term alliance with the peoples of the Middle East rather than with specific ruling regimes. MEPI was established to wield budgetary and bureaucratic resources to realign U.S. diplomacy and assistance in the Middle East in the direction of democracy promotion. The focus on MEPI thus tells a broader story about the progress made by the Bush Administration in ending the exception made for the Middle East in U.S. democracy promotion policy, and of the obstacles and dangers that threaten to undermine or cut short this bold policy change.

MEPI was meant to be a major departure from the traditional U.S. focus on government-to-government, large-scale aid programs, and a recognition by the United States that effective economic and social reform had to be accompanied by increased political freedoms. Instead of large-scale, long-term development projects like those supported by USAID, MEPI was designed

to provide smaller grants, for programs of two years' duration or less. Drawing on the priorities laid out by the landmark Arab Human Development Report, MEPI works to support Arab public and private efforts at reform in four broad areas: political reform; educational reform; economic reform; and women's empowerment. Since its inception in 2002, MEPI has received close to \$400 million in congressionally appropriated funds.¹⁹

A key goal of MEPI from its inception has been to build partnerships with non-governmental Middle Eastern groups and local citizens, and to encourage links among reformers across Middle Eastern countries. Inherent in this approach was a judgment that Arab governments had not sufficiently recognized their looming demographic and economic challenges, and had not fully embraced the need for political, economic, and social reform. Instead, the thinking went, they would need to be goaded towards change by a combination of independent American assistance and local grassroots activism.

¹⁹ MEPI was the brainchild of former Deputy Assistant Secretary of State Elizabeth Cheney, a former USAID officer who shepherded the initiative, on and off, from its inception in December 2002 until the spring of 2006. The rationale for MEPI was laid out in a speech in December 2002 by Richard N. Haass, then-Director of Policy Planning at the U.S. Department of State (Richard N. Haass, Director of Policy Planning Staff, "Toward a Greater Democracy in the Muslim World," Council on Foreign Relations, New York City, December 4, 2002, available at <http://www.cfr.org/publication/5300/toward_a_greater_democracy_in_the_muslim_world.html>). The program was formally launched later that month by Colin Powell, then-Secretary of State (Secretary Colin L. Powell, "The U.S.-Middle East Partnership Initiative: Building Hope for the Years Ahead," The Heritage Foundation, Washington, DC, December 12, 2002 available at <<http://www.state.gov/secretary/former/powell/remarks/2002/15920.htm>>).

MEPI grants perform a variety of functions, some of which are not directly related to democracy promotion but to the broader goal of “reform.” For example, MEPI helps the trade ministries of the Arab states in the Persian Gulf to adapt to their obligations under the WTO and other global trading rules. The initiative also translates children’s stories into Arabic to build classroom libraries. MEPI brings Arab businesswomen to the United States for internships with major American companies. It trains journalists, judges and parliamentarians in the roles they could play in a democratic society. The following sections will take a closer look at MEPI’s work through sectoral analysis of its funding and programming activities.

MEPI’S EVOLUTION

In the three and one-half years since MEPI was announced by then-Secretary of State Colin L. Powell, the program has grown from a two-person office within the Regional Affairs Office of the State Department’s Bureau of Near East Affairs to a staff of about two dozen in Washington DC, plus two regional offices in Abu Dhabi, the UAE and in Tunis, Tunisia.

In its first two years, MEPI received strong budgetary support from Congress, but was slow to spend this allocation.²⁰ This was due in part to lack of administrative resources and grant-making experience in the MEPI office, and a lack of local knowledge and the local presence necessary to identify appropriate grant recipients. During this time, MEPI programs were very disparate in nature. Initially, MEPI programs tended to replicate or add funding to projects previously financed by USAID or DRL. This problem has eased as MEPI’s internal capacity and regional outreach have improved. The project descriptions MEPI provided to

Congressional overseers in 2006 are more detailed than those in its first two years of activity, displaying a more thorough knowledge of the political, legal and social context within which the funded programs will operate and conveying a clearer sense of strategy and of linkage between current and planned future MEPI activities.

MEPI’s increased budgetary and bureaucratic resources beginning in FY04 allowed the program to make its influence felt within the foreign policy bureaucracy. Its first efforts were directed at reviewing USAID’s bilateral programs in Arab countries including Egypt, Morocco, and Yemen, to assess how these larger development projects related to MEPI’s pro-reform agenda and what could be done to revise official development assistance so as to advance reform goals more effectively. Working with USAID, DRL, and other offices, along with U.S. embassies in the field, MEPI has begun a slow process of developing “country strategies” for specific Arab states, envisioning how official bilateral assistance and small grants through MEPI and other programs interact with local political conditions to affect the prospects for change.

Within the State Department’s Bureau of Near East Affairs, and as part of Secretary Rice’s transformational diplomacy initiative,²¹ MEPI has begun to impress upon foreign service officers posted in the Middle East the need to incorporate the goals of the Freedom Agenda into their work plans, and to think about democracy promotion as a part of their daily business. For some, this new imperative amounts to a virtual cultural revolution: the Middle East had long been a region where economic and security imperatives dominated American calculations, where privileged Arab officials or royals could meet or deny U.S. requests with a wave of their hands. A talented U.S. officer working

²⁰ For example, from FY02 through FY04 MEPI received \$218.5 million in Congressional appropriations, yet by the end of calendar year 2004 MEPI had only spent \$103 million of that money. See Tamara Cofman Wittes and Sarah E. Yerkes, *The Middle East Partnership Initiative: Progress, Problems, and Prospects*, Middle East Memo #5, Saban Center for Middle East Policy, November 29, 2004, available at <<http://www.brookings.edu/views/op-ed/fellows/wittes20041129.htm>>.

²¹ Secretary Condoleezza Rice, “Transformational Diplomacy”, Georgetown University, Washington, DC, January 18, 2006, available at <<http://www.state.gov/secretary/rm/2006/59306.htm>>.

in this context had to identify, build, and protect key relationships to advance American interests. Today, foreign service personnel working in Arab states are learning the skills practiced in Latin America and Central Europe fifteen years ago—how to maintain cooperative relations with host governments while raising substantive concerns regarding democracy and human rights, and while building contacts with the political opposition.

In its institutional work within the State Department and across the foreign policy bureaucracy, MEPI has been aided in the past two years by the evident commitment of Secretary of State Rice to the Freedom Agenda and the work of her hands-on deputy, Robert Zoellick, to coordinate amongst the various bureaus working on the issues. Zoellick's departure with no immediate successor named, and a mounting number of urgent international crises, raise the question of how well this interagency process will proceed in the coming two years, a critical period for institutionalizing democracy promotion as a goal for U.S. policy in the region.

MEPI'S ASSISTANCE PRIORITIES

As the data below clearly illustrate, most of MEPI's support does not go to explicitly political activities. MEPI's efforts to advance Middle Eastern reform are broader than simply democracy promotion—both because MEPI seeks to address multiple sources of frustration within contemporary Arab societies (not only autocratic governance) and because of MEPI's premise that democracy emerges gradually out of a social and economic context that should also be prepared. As Secretary Powell said when launching MEPI, "Any approach to the Middle East

that ignores its political, economic, and educational underdevelopment will be built upon sand."²²

It is worth recalling that this multifaceted approach to reform has been at the heart of the Bush Administration's efforts from the start, especially at a time when the Administration is being criticized for focusing too much on elections and not enough on the context in which they occur.² In fact, most so-called democracy assistance funding in the Middle East addresses the context, not the elections—with, as shall be discussed below—mixed results.

The variety of approaches MEPI takes to the challenge of advancing reform is astonishing in its breadth. MEPI supports programs to enhance economic performance, improve the functioning of governmental institutions, encourage literacy among girls and women, encourage the growth of small businesses, provide new materials for curricular adoption, advance U.S.-Arab trade, improve civic education, promote grassroots advocacy, support political processes, and encourage engagement between Arab and Western youth. Of course, political liberalization is itself a complex process, and there is something to be said for a broad and multifaceted set of approaches to the problem. Still, the widely varied nature of MEPI activities could give the impression that the initiative's breadth might limit the depth of its impact, or that it lacks a coherent strategy for achieving the goals it has enumerated. The "country strategy" approach that MEPI has begun to develop will be crucial to ensuring that a clear method emerges from the present mix of programmatic initiatives.

Of particular concern for MEPI's future is the continued hostile operating environment it faces in

²² Powell, *op.cit.*

²³ Peter Baker, "Democracy in Iraq Not a Priority in U.S. Budget," *The Washington Post*, April 5, 2006, available at <<http://www.washingtonpost.com/wp-dyn/content/article/2006/04/04/AR2006040401626.html>>; Francis Fukuyama and Adam Garfinkle, "A Better Idea," *Wall Street Journal*, March 27, 2006, available at <<http://www.opinionjournal.com/editorial/feature.html?id=110008147>>; Dennis Ross, "How to Boost Middle East Democracy," *The Miami Herald*, June 4, 2006, available at <<http://www.miami.com/mld/miamiherald/news/opinion/14727256.htm>>; Jim Lobe, "New Bush Doctrine Offers a Friendly Hand to Tyrants," *Inter Press Service*, May 23, 2006; and Max Boot, "Stop Coddling Despots; If Bush Is Serious About Ending Tyranny, He'll Crack Down on Mubarak and His ilk," *The Daily Standard*, May 10, 2006, available at <<http://www.weeklystandard.com/Content/Public/Articles/000/000/012/202hswki.asp>>.

TABLE 5**MEPI FUNDING BY PILLAR (\$1,000s)**

Pillar	FY02	FY03	FY04	FY05	FY06	Total FY02 to FY05	% change FY02 to FY05
Economic	6,000	38,000	32,000	23,000	-	99,000	283
Education	8,000	25,000	22,000	14,400	-	69,400	80
Political	10,000	25,000	20,000	22,000	-	77,000	120
Women's	5,000	12,000	15,500	15,000	-	47,500	200
Total	29,000	100,000	89,500	74,400	99,000	391,900^a	157

^a Total includes funding for FY06; pillar-by-pillar breakdown for FY06 not available.

Source: U.S. Department of State, Middle East Partnership Initiative, available at <<http://mepi.state.gov>>.

the Middle East. There is no consensus in favor of democratic change amongst the ruling Arab élites, and wary regimes resist MEPI's activities in many arenas. Even the best programmatic interventions will have limited impact until this hostile landscape is altered—and MEPI's long-term viability, much less success, will hinge on the United States' ability to shift the ground in favor of political pluralism. Persuading Arab regimes to expand basic political liberties, revitalize moribund political institutions, and enhance public participation in governance will require the United States to employ tools beyond small-bore democracy assistance programs. Such programs, however, can often serve as the thin end of a wedge built from other diplomatic and economic elements. MEPI planners should take into account, in coming years, the ways in which MEPI programs can catalyze this necessary U.S.-Arab dialogue on basic political liberties and other core issues of democratization.

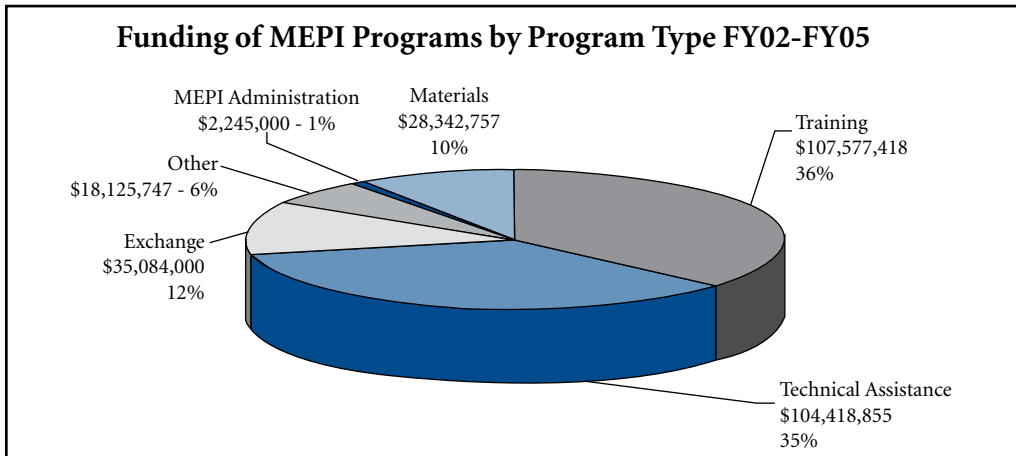
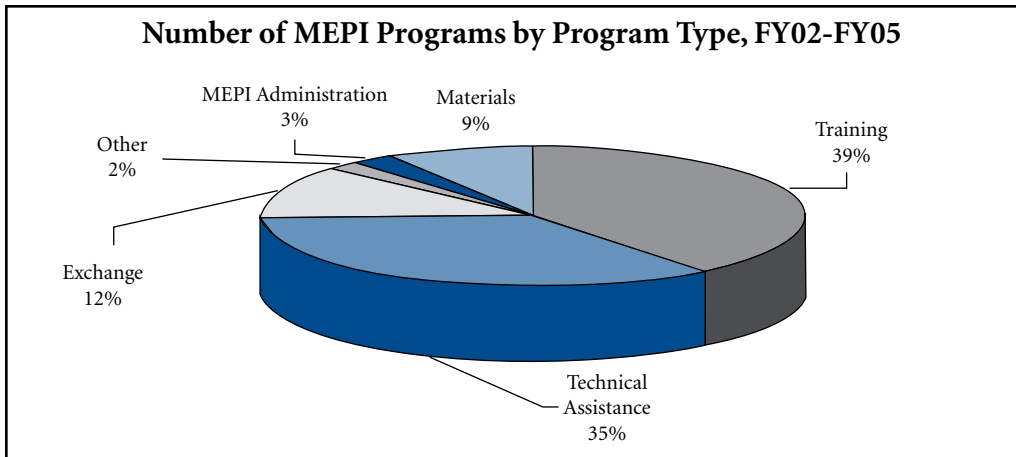
TRENDS IN MEPI PROGRAMMING

While total MEPI funding has remained relatively stable, the allocation of funds has changed significantly over time. These shifts reflect the office's slow development of effective grant-management mechanisms, but also changing priorities within the Bush Administration with respect to how democracy assistance should best be provided. MEPI's changing

fortunes during the past three years illustrate the continued struggle the Administration faces in institutionalizing democracy promotion as a central goal of its Middle East policy, and in confronting the choices and challenges this policy shift entails. The coming two years will tell whether MEPI, and the Freedom Agenda, take on the necessary coherence and consistency for an effective and sustainable democracy promotion effort in this crucial region.

Several positive trends in MEPI's spending patterns can be discerned. The first is in the allocation of funds among MEPI's four "pillars" of economic, educational, and political reform and women's empowerment. Over the course of its first two years, MEPI's spending leaned heavily in the direction of economic reform, especially on programs designed to assist Arab states in adapting to global trading regimes and to support U.S.-Arab trade ties through trade and investment framework agreements and FTAs. Over time, however, this emphasis has lessened, and spending across the pillars is now more balanced. In particular, the share of funding devoted to the political pillar has gradually increased over time, while economic spending has decreased considerably from its high point of \$38 million in FY03 to \$23 million in FY05.

Over 70 percent of MEPI programs provide either training to individuals or technical assistance.



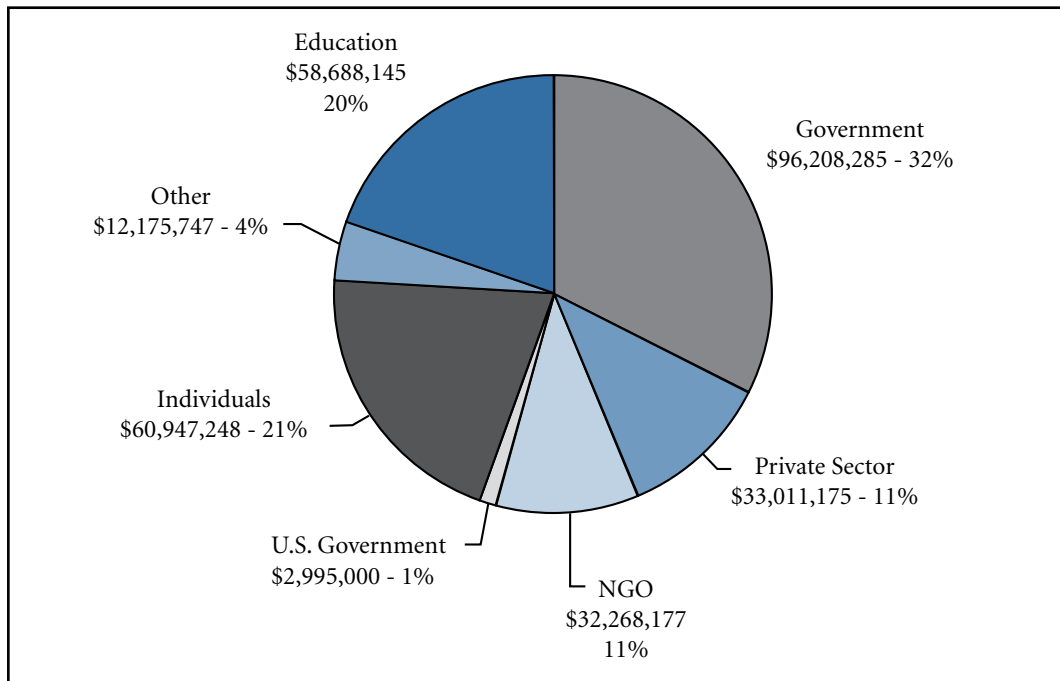
Technical assistance programs are largely focused on economic issues and are often provided to government actors: for example, a program that provides the Algerian government with assistance on intellectual property rights, sanitary policies, standards and metrology, and the translation of submissions to the WTO. Training activities, such as providing young Egyptian activists with skills to “employ democratic practices”²⁴ in their political parties, can lay useful groundwork for later indigenous civil society activities, if the skills being taught are applicable to the local context in which the trainees will operate. The increased capacity of local NGOs was evident in, for example,

the vastly expanded scope of activity by domestic election monitoring groups in Egypt between the 2000 parliamentary election and the 2005 presidential and parliamentary elections. While local interest in monitoring had risen substantially, American funding enabled local groups to implement their ideas and effectively challenge the authority of the new regime-appointed electoral commissions.

Another notable positive trend is in MEPI’s attention to the Arab non-governmental sector. In its first two years of operations, the vast majority of MEPI funds went to programs that engaged governmental actors

²⁴ U.S. Department of State, Middle East Partnership Initiative, “Programs by Year, Fiscal Year 2004”, available at <<http://www.mepi.state.gov/c17966.htm>>.

FUNDING FOR MEPI PROGRAMS BY BENEFICIARY SECTOR FY02-FY05



or benefited governmental agencies, while Arab NGOs benefited little. However, since the staffing up of MEPI's State Department office and the opening of its two field offices, the program has improved its ability to contact local Arab activists and help them build the capacity to propose and manage MEPI-funded projects. In February 2006, MEPI noted that its most recent request for proposals had produced "a significant increase in the number of applications from non-governmental organizations from within the region."²⁵ Figures gathered for this paper show that the share of MEPI program funds spent to the benefit of the Arab nongovernmental sector increased by 50% from FY02 to FY05, from 8% of the total funds to 11%.²⁶

Still, MEPI has some distance to travel before it can be said to have fulfilled its intention to build a new alliance with the peoples of the Middle East rather than simply with their governments. Overall, from FY02 to FY05, MEPI still spent one-third of its money on programs to engage or assist Arab government agencies and officials—the largest proportion of any sector analyzed in this report. Some have suggested that the dollar amounts allocated to such programs are not relevant measures, since NGOs can do more with small-scale grants than government agencies. However, by looking at the number of programs rather than the dollar amounts, the proportion engaging Arab government audiences rises from 32% of dollars

²⁵ Office of the Spokesman, Media Note, "State Department Invests \$19.5 Million in Strengthening Civil Society and Media Through the Middle East Partnership Initiative," U.S. Department of State, Washington, DC, February 8, 2006, available at <<http://www.state.gov/r/pa/prs/ps/2006/60644.htm>>.

²⁶ In this discussion and in the chart, the term "beneficiary sector" refers to the segment of society that a given program is meant to address—the participants in training seminars, for example. Beneficiaries are not necessarily the same as grantees and do not necessarily receive funds from MEPI. Most grantees are either U.S. NGOs or U.S. government entities, which are given funds with which to carry out programs that benefit Arab participants. The U.S. government was a beneficiary of funds to carry out various planning and management tasks.

spent to 38% of total programs—although NGOs also improve their share, from 11% of dollars spent to 15% of total programs.

MEPI justifies this emphasis on programs targeted to government audiences in the Middle East by arguing that “It is part of the MEPI strategy to target reform within government institutions as well as build the capacity of civil society and business to assume their proper roles in a democratic society.”²⁷ Indeed, the evident and persistent skew of MEPI activities toward the government sector is not necessarily an indictment of the program. Streamlining sclerotic government bureaucracies, reducing the scope for official corruption, and improving the training and professionalism of sitting government officials are worthy goals and improve the prospects for sustainable reform. However, while reforming political institutions and building civil society are both important to democratization, they are distinct efforts, and sometimes involve trade-offs.²⁸ As noted in the November 2004 Saban Center report on MEPI, too heavy an emphasis on governmental programming:

undermines [MEPI’s] credibility with the already skeptical (and small) group of Arab liberals and civil society activists who are trying to hold their governments accountable for their promises of reform. . . . MEPI’s emphasis on technical assistance to governments has made some Arab activists suspicious that the entire project is a token gesture, a campaign-season gimmick, or, worst of all, a new means of propping up the same regimes who have benefited from direct U.S. assistance in years past.²⁹

As the chart on the previous page reveals, the largest portion of MEPI programming, after governments, engages individuals. The programs in this category are

mainly training and exchange programs such as political training, entrepreneurial training, student exchanges, and the like. These programs are generally short in duration—days for training, weeks for exchanges. These programs are attractive for MEPI for a variety of understandable reasons: they produce, in short order, a large number of MEPI program alumni; they bring together individuals from across the region with shared interests who may draw succor from each other’s experiences; and they often bring participants into close contact with Americans or even into the United States, adding a public diplomacy component to the reform-promotion agenda.

Engaging many individuals from across the region in short-term training and exchange programs also has its drawbacks, most notably that the long-term impact of such a brief and individual intervention may be limited. It is thus noteworthy that included in MEPI’s FY05 obligations is a new, \$2,250,000 program entitled “MEPI Alumni Network and Outreach.” This program will set up a MEPI network to bring graduates of MEPI programs together within each country in the region. Within the various country-level alumni chapters, individuals may meet for training, speaker series, and mutual support and assistance. The program will also set up an alumni Web site for MEPI participants to access remotely via the internet.

Since so much of MEPI’s work emphasizes the exchange and training of individuals, an alumni network has great potential—both to assist MEPI in assessing the impact of its work on local activists, and to extend the impact of MEPI programming across time and space. MEPI also plans to hire a contractor to evaluate MEPI grant activities and provide reports to the MEPI office. Both of these new initiatives appear to be responses to a Government Accountability Office (GAO) August 2005 report that criticized MEPI for its failure to effectively

²⁷ Alina Romanowski, Acting Deputy Assistant Secretary of State for Near Eastern Affairs, to Saban Center, Official Correspondence, December 21, 2004.

²⁸ See Omar Encarnacion, “Beyond Civil Society: Promoting Democracy After September 11,” *Orbis* 47:4 (Fall 2003).

²⁹ Wittes and Yerkes, *op.cit.*

monitor project performance and to demonstrate its effectiveness to Congressional overseers.³⁰ As such, MEPI is demonstrating its responsiveness to external criticism.

As MEPI's budget allocation grew over time, it was perhaps inevitable that MEPI would fall victim to the universal phenomenon of Congressional earmarks, but the outcome is nonetheless both notable and regrettable. In FY04, Congressional appropriators earmarked \$10 million to two Israeli museums, \$5 million to the Yitzhak Rabin Center for Israel Studies and \$5 million to the Simon Wiesenthal Museum of Tolerance in Jerusalem.³¹ In both cases, these were yet-to-be-built institutions, and the MEPI allocation, while formally granted for educational programs, in practice served to offset the costs to these institutions of their buildings. State Department officials prevailed on the Rabin Center to focus at least some attention in its planned exhibits and educational programs to the issues faced by Arab citizens of Israel and to promote "education towards a multicultural democratic society."³² In addition to these legislative earmarks, a proposal from

the Jerusalem-based Shalem Center to translate major works of American democratic theory into Hebrew garnered \$200,000 of FY04 MEPI funds.³³

Questioning these grants is not to suggest that MEPI funds should not be spent in Israel: the country's laudable democratic traditions stand out in the region, and these traditions confront challenges in ensuring cohesion in a population that is one-fifth Jewish ultra-Orthodox and one-fifth Arab. But it is difficult to square this level of dedicated funding—more than 10% of MEPI's total funding for FY04—with the declared priorities of the Bush Administration in pursuing regional democratization. Congress cannot simultaneously criticize MEPI's relevance and impact while imposing edicts so far distant from the program's mission and objectives. Needless to say, such large grants to institutions with explicitly pro-Israel missions, like the Shalem Center and Rabin Center, can only reduce the fragile credibility of a U.S. agency whose *raison d'être* is building a new partnership with the already skeptical citizens of the Arab world.

³⁰ United States Government Accountability Office, *Foreign Assistance Middle East Partnership Initiative Offers Tools for Supporting Reform, but Project Monitoring Needs Improvement*, GAO-05-711, August 2005, available at <<http://www.gao.gov/new.items/d05711.pdf>>.

³¹ This was done through what is known as a "soft" earmark, which lists a suggested source (in this case MEPI) and states that an award "may be made available" at "up to" a suggested amount, but does not explicitly require the funds be spent as noted. Such "soft" earmarks are generally respected by the executive branch to ensure the favorable attitude of congressional appropriators to budget requests in future years.

³² Project description provided in Congressional Notification Letter, Matthew Reynolds, Acting Assistant Secretary for Legislative Affairs to Congress, July 12, 2005.

³³ According to the program description, the Shalem Center "also may translate some of these titles into Arabic to spur discussion between Hebrew and Arabic speakers about the ideas advanced in the texts." See U.S. Department of State, MEPI, Education Pillar, Programs, available at <<http://mepi.state.gov/c10172.htm>>.

CHALLENGES AHEAD

The first and most immediate challenge facing MEPI in the coming years is remaining relevant and keeping its budgetary authority intact. An increasing proportion of MEPI's grant funds are being pledged to support MEFTA efforts and BMENA projects such as the Foundation for the Future, which will consume \$35 million of MEPI's \$99 million FY06 budget. While MEPI has sometimes been challenged in finding enough worthy places to spend its money, its reasonably-sized budgetary totals over the past three years have helped it mobilize other federal agencies behind its goal of Middle Eastern reform. Many federal agencies have bilateral ties to Arab government counterparts, covering issues from trade to criminal justice to environmental protection. MEPI's budgetary authority—growing at a time when other agencies were suffering budget cuts—led some agencies to try to harmonize their various engagements with the Arab world with pro-reform objectives so that they could compete for and win MEPI support.³⁴

The magnetic power of new funds within the U.S. government is a powerful tool to promote policy coherence. To the extent that MEPI's discretionary budget declines in the coming years, it may begin to lose the attention of other agencies with ties to

counterparts in Arab governments and their own stakes in smooth bilateral cooperation. This could complicate interagency debates as, down the road, the White House considers the trade-offs that might be necessary to persuade friendly Arab governments to take the democracy agenda seriously.

More broadly, the most crucial area for progress looking forward is expanding the U.S. government's ability to support local Arab NGOs through grants, training, and technical assistance—and this support can only be achieved through energetic American diplomacy. The past year has clearly demonstrated the expanded role of civil society, however informal, in building and sustaining public demands for political change from Bahrain to Beirut. The major barrier to effective American support for Arab civil society is not MEPI's internal capacity, but rather the hostility of autocratic Arab governments to any greater independence or activism in the non-governmental sector. The legal environment for non-governmental groups is quite constrained in most Arab countries, where NGOs often require explicit government approval for their establishment, bylaws, boards of directors, and budgets. Where NGOs are allowed to exist, they are often barred from political activity, or from accepting foreign funds.³⁵

³⁴ For example, the Commerce Department's Commercial Law Development Program competed with non-governmental and private sector entities for MEPI contracts to carry out MEFTA-related assistance.

³⁵ See Appendix B of *The Backlash Against Democracy Assistance: A report prepared by the National Endowment for Democracy for Senator Richard G. Lugar, United States Senate*, June 8, 2006 available at <<http://www.ned.org/publications/reports/backlash06.pdf>>.

U.S. attempts to build up local NGOs already have raised the hackles of Arab rulers, who see independent civic groups as potential alternative centers of power. A draft declaration on freedom of association caused an uproar among Arab participants at the 2005 Forum for the Future in Bahrain. In May 2006, Bahrain booted out the head of the U.S.-based National Democratic Institute (NDI) office in Manama because of NDI's encouragement of local NGO activism surrounding the planned 2006 parliamentary elections.³⁶ Additionally, Egypt has asked both NDI and the U.S.-based International Republican Institute to halt their activities there, accusing them of interfering in domestic affairs.³⁷

To improve the environment for local NGOs—and thereby for citizen participation in governance through the formation of interest groups that are neither beholden to the state nor rooted in Islamist movements—the U.S. government should frontally address the need for greater freedom of association in Arab society with Arab governments. This will require the United States to employ diplomatic pressure along with democracy assistance programs to open more space for civil society. It is encouraging to note that the Bahraini expulsion of NDI received higher-level and more sustained attention in the State Department than did a Yemeni objection to an NDI program there in 2005.³⁸

Congress has already played a positive role in expanding the space for NGO work in Egypt, by requiring a portion of USAID's funds for Egypt to be spent independently of Egyptian government approval. That Congressional mandate enabled, for the first time, U.S. party-building and democracy assistance NGOs to establish missions in Egypt. The U.S. willingness to challenge the Mubarak regime's controls on NGO activity also spurred MEPI to provide independent

funding to a number of Egyptian NGOs in 2005—funding that supported indigenous voter education, media-monitoring, and vote-monitoring efforts during Egypt's 2005 parliamentary and presidential elections. Congress's conditioning of aid to Egypt on independent democracy and governance funding was small in scale and narrow in scope, yet it demonstrated concrete pay-offs both by increasing the United States' capacity to impact political change in Egypt and in enhancing the role of Egypt's citizenry in the country's political life. This targeted conditionality could be a model for future efforts.

However, Egypt's NGO law, as flawed as it may be, is vastly superior to others in the region. Without U.S. diplomatic pressure, strategic funding decisions, and support for legal and institutional reforms, freedom of association in the Arab world will remain an unrealized principle and Arab civil society will remain stunted. Similar conditionality on USAID funds might be useful in other countries where significant USAID programs exist; but in Arab states that do not receive U.S. economic assistance, direct diplomatic and other pressure should be brought to bear to expand basic political liberties and the ability of organized citizen groups to operate.

A further challenge for MEPI is focusing on programs that will affect the prospects for meaningful, long-term political change, despite constant pressures to fund projects that produce short-term, measurable or photo-ready results. MEPI's emphasis on exchange and training programs for individuals reveals its continued concern for the imperative of building quantifiable evidence of MEPI's accomplishments, even if these may prove short-term in their impact. A one-week training program for women who might one day run for political office is both more visible, and

36 *Deutsche Presse-Agentur*, "U.S.-Bahrain Tensions as U.S. Democracy Representative Expelled," May 9, 2006.

37 *Middle East Reporter*, "U.S. Institute Told to Halt Its Activities in Egypt Which Interfere with Internal Affairs," June 6, 2006.

38 David Finkel, "U.S. Ideals Meet Reality in Yemen," *The Washington Post*, December 18, 2005, available at <<http://www.washingtonpost.com/wp-dyn/content/article/2005/12/17/AR2005121701237.html>>; "A Struggle for Peace in a Place Where Fighting Never Ends," *The Washington Post*, December 19, 2005, available at <<http://www.washingtonpost.com/wp-dyn/content/article/2005/12/18/AR2005121801070.html>>; "In the End, a Painful Choice; Program Weighs Leader's Edict, Tribes' Needs," *The Washington Post*, December 20, 2005, available at <<http://www.washingtonpost.com/wp-dyn/content/article/2005/12/19/AR2005121901787.html>>.

less diplomatically problematic than helping fractious local NGOs build a joint project that challenges state authority. It is precisely such low-key capacity building, however, that will wear down or break through the many means Arab regimes have in place to manage and contain the potential impact of local actors, including the hopeful but untested individuals who go through those brief training programs.

More broadly, the tensions of working simultaneously in cooperative programs with Arab governments and with civil society groups who wish to challenge government authority are real and pervasive. Over time, without concerted effort by U.S. officials and high-level support at the State Department, these tensions could undermine effective U.S. efforts to promote democracy. One issue that has come up repeatedly is whether MEPI-funded American implementers should request host government permission to hold training seminars or conferences on their territory. Such permission is not explicitly necessary, and the request for a formal imprimatur can sometimes complicate, delay or even block such work. Yet MEPI has repeatedly asked its implementing partners to take this step for the sake of preserving smooth bilateral relations.³⁹

Additionally, the bottom-up work of MEPI, as well as DRL and USAID, needs top-down support from Secretary Rice and U.S. embassies if these programs are to succeed. As NDI's difficulties in Bahrain, Egypt, and Yemen have proved, without a strong push from senior U.S. officials, activists on the ground are relatively powerless when confronted by entrenched regimes that feel threatened by the prospect of greater political openness. Although NDI was expelled from Bahrain, high-level Bush Administration pressure surrounding its activities produced real gains, notably the legalization of political "societies" in the summer of 2005.

For top-down diplomatic efforts to support democracy assistance, ambassadors at post should be the ones to recognize opportunities for effective intervention and

demand State Department attention for these issues. This requires that ambassadors and their staffs be firmly persuaded of program goals and given incentives to implement these programs. However, in most Arab countries, the same U.S. embassy staffs are responsible for front-line management of in-country MEPI programs and for maintaining cordial diplomatic relations and pursuing other American foreign policy goals. In this difficult position, U.S. diplomatic staff often choose to prioritize relatively short-term, certain gains in military, intelligence, or economic relations over the uncertain and often uncomfortable work of encouraging independent media, fostering new civic groups or building relations with opposition movements.

This embassy-level dilemma illustrates the difficulty the United States faces in truly integrating democracy promotion into its Middle East foreign policy. It is possible that Secretary Rice's transformational diplomacy initiative, now in its initial stages, will put in place training and promotion principles that will counteract the existing incentives to prefer short-term pay-offs and reward embassy staff who focus on democracy promotion and facilitate cooperation across bureaus and agencies. Even so, U.S. policymakers will have to make trade-offs among democracy promotion and other strategic goals in the Arab world—and those decisions are best made consciously and at higher levels.

Perhaps the greatest challenge that currently confronts U.S. democracy promotion is ensuring and enforcing policy coherence across the U.S. government. The progress made so far in shifting the calculus of economic development assistance should be built upon, and replicated in, the overseas work of other agencies including the Departments of Justice, Commerce, and Defense. Rigorous attempts at developing and implementing government-wide pro-democracy policies will highlight where conflicts exist between democracy promotion and the pursuit of other American interests—and will require these conflicts to be resolved rather than ignored.

³⁹ The MEPI office states that its policy does not require implementors to obtain local government approval of projects.

CONCLUSION

The Bush Administration's "forward strategy of freedom,"⁴⁰ and its flagship program, MEPI, have clearly made significant gains since first announced in 2003. Through a large increase in funding over time and improved attention at higher levels of the government, U.S. democracy assistance has managed to make some headway on the ground and at home, placing freedom closer to the top of the Bush Administration's foreign policy agenda in the region. However, the U.S. democracy promotion program in the Middle East faces significant challenges over the next two years if it is to remain a relevant part of U.S. foreign policy into the next administration.

To truly institutionalize the practice of democracy promotion within U.S. foreign policy in the Middle East, U.S. government officials should build effective mechanisms to overcome the inevitable tendency to trade long-term democracy promotion for shorter-term gains in other issue areas. President Bush and Secretary Rice constantly note in their speeches that Arab democratization is a long, difficult process that will not produce its fruits during this administration. If so, the Bush Administration would be wise to make sure the seeds it is currently sowing are deeply planted both in Washington DC and in the Middle East, and cannot easily be uprooted.

Such a strategy, to be successful, should:

- be tailored to country-specific circumstances;
- enjoy support from ambassadors in the field as well as at the highest levels of the State Department and the White House;
- push back against short-term exigencies, including public diplomacy and strategic considerations, that tend to erode democracy promotion efforts over time; and,
- support the social and institutional changes in Arab states that will promote the long-term expansion of freedom and political accountability.

Developing such a strategy requires the Bush Administration to resolve difficult but unavoidable trade-offs among short-term and long-term goals, and between democracy promotion and other strategic U.S. interests. Only if the Bush Administration can settle these questions will the Freedom Agenda outlast the next presidential election, and only then will it acquire the necessary credibility, with both leaders and reformers in the Arab world, to lay the foundation for substantive progress in political freedom in years to come.

⁴⁰ Office of the Press Secretary, White House, "Fact Sheet: President Bush Calls for a 'Forward Strategy of Freedom' to Promote Democracy in the Middle East", November 6, 2003, available at <<http://www.whitehouse.gov/news/releases/2003/11/20031106-11.html>>.

THE SABAN CENTER FOR MIDDLE EAST POLICY

The Saban Center for Middle East Policy was established on May 13, 2002 with an inaugural address by His Majesty King Abdullah II of Jordan. The creation of the Saban Center reflects the Brookings Institution's commitment to expand dramatically its research and analysis of Middle East policy issues at a time when the region has come to dominate the U.S. foreign policy agenda.

The Saban Center provides Washington policymakers with balanced, objective, in-depth and timely research and policy analysis from experienced and knowledgeable scholars who can bring fresh perspectives to bear on the critical problems of the Middle East. The center upholds the Brookings tradition of being open to a broad range of views. The Saban Center's central objective is to advance understanding of developments in the Middle East through policy-relevant scholarship and debate.

The center's foundation was made possible by a generous grant from Haim and Cheryl Saban of Los Angeles. Ambassador Martin S. Indyk, Senior Fellow in Foreign Policy Studies, is the Director of the Saban Center. Kenneth M. Pollack is the center's Director of Research. Joining them is a core group of Middle East experts who conduct original research and develop innovative programs to promote a better understanding of the policy choices facing American decision makers in the Middle East. They include Tamara Cofman Wittes, who is a specialist on political reform in the Arab world; Shibley Telhami, who holds the Sadat Chair at the

University of Maryland; and Daniel Byman, a Middle East terrorism expert from Georgetown University. The center is located in the Foreign Policy Studies Program at Brookings, led by Carlos Pascual, its director and a Brookings Vice-President.

The Saban Center is undertaking path breaking research in five areas: the implications of regime change in Iraq, including post-war nation-building and Persian Gulf security; the dynamics of Iranian domestic politics and the threat of nuclear proliferation; mechanisms and requirements for a two-state solution to the Israeli-Palestinian conflict; policy for the war against terrorism, including the continuing challenge of state-sponsorship of terrorism; and political and economic change in the Arab world, in particular in Syria and Lebanon, and the methods required to promote democratization.

The center also houses the ongoing Brookings Project on U.S. Relations with the Islamic World, which is directed by Steve Grand. The project focuses on analyzing the problems in the relationship between the United States and Muslim states and communities around the globe, with the objective of developing effective policy responses. The Islamic World Project's activities includes a task force of experts, a global conference series bringing together American and Muslim world leaders, a visiting fellows program for specialists from the Islamic world, initiatives in science and the arts, and a monograph and book series.



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