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S U M M A R Y

The Middle East Partnership Initiative (MEPI), an important component of the Bush administration's policy of promoting Middle East reform, is falling short. MEPI should be relaunched as a private foundation funded by the government, akin to the Asia Foundation or the Eurasia Foundation. Such a relaunch would permit MEPI to develop greater expertise in the region, use more flexible, effective aid methods, and gain some independence from other U.S. programs and policies that serve conflicting ends. The restructuring of MEPI should be part of a broader set of measures to establish a more visible, coherent institutional policy structure to pursue the critical goal of fundamental political and economic change in the Middle East. ■

A Better Way to Support Middle East Reform

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Throughout last year's presidential campaign and now in the initial period of his new administration, President George W. Bush has emphasized his intention to make promoting democracy in the broader Middle East—well beyond the ongoing struggle in Iraq—the central thrust of his second-term foreign policy. The animating idea of this policy line, that democratization in the Middle East is necessary to undercut the roots of radical Islam, has found bipartisan acceptance in a U.S. policy community otherwise severely divided over many elements of the Bush administration's war on terrorism, above all the war in Iraq. Appealing as the idea is, however, it has so far proven difficult to operationalize, and many observers continue to doubt the sincerity of the administration's commitment to changing America's long-standing support for “friendly tyrants” in the Middle East.

One stumbling block is the stubborn fact that although Washington's newfound interest in Middle East democracy may be real, the United States continues to have strong economic and security interests that point to a need for close ties with many of the region's autocratic regimes. Those interests, such as

reliable access to oil, cooperation on counterterrorism, and resolving the Israeli–Palestinian conflict, are not only long standing, but they have intensified in recent times given the potential unpredictability of oil supplies from other regions, the post–September 11 stepped-up prosecution of terrorism, and the diplomatic opportunity presented by the death of Yasir Arafat. With so much at stake, pushing hard on friendly tyrants in the Middle East is difficult to do.

Another obstacle is figuring out how to go about the task. Most U.S. democracy promotion efforts of recent decades that have been directed at friendly governments (as opposed, for example, to the efforts to promote political change in the Soviet Union and Eastern Europe in the 1980s) have taken place in countries where fundamental political change away from dictatorial rule was already under way. In such situations, external democracy promoters seek to facilitate the advance of existing change, not to create it from scratch. This was the case with most of the large wave of democracy-building support to Latin America starting in the 1980s, Eastern Europe after 1989, sub-Saharan Africa from the early 1990s on, and elsewhere. In the Middle East, the United States is not pushing



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on an open political door. Although some Arab governments have undertaken modest political reforms in recent years, these measures are part of a defensive strategy to defuse pressure from within and abroad for more fundamental change. Pushing on a closed door is much harder.

To date, the actual substance of the declared policy of promoting democracy in the Middle East beyond Iraq is less weighty than the president's forward-leaning rhetoric would suggest. The president and his top advisers have started raising the issues of human rights and democracy in their meetings with Middle East leaders, though only gingerly and inconsistently. Key autocratic allies, such as President Hosni Mubarak of Egypt, King Abdullah of Jordan, and Crown Prince Abdullah of Saudi Arabia, can still count on steadfast support in Washington. The administration has created the Broader Middle East and North Africa Initiative (BMENA), featuring a framework for three-way (U.S.–Europe–Middle East) discussions on economic and political reform. At the first meeting of the Forum for the Future carried out under BMENA auspices in Morocco in December 2004, the assembled Arab ministers solemnly affirmed their commitment to reforms (and their objections to U.S. policy toward Israel). Although the meeting may have modestly contributed to the increased debates in the region about the need for political and economic change, the limited impact of such gabfests is clear. Additionally, the administration has established a new aid program for the region: the Middle East Partnership Initiative (MEPI), set up at the State Department in late 2002. MEPI initially received \$29 million. Its FY2005 budget is \$75 million.

A vigorous, well-funded aid program to stimulate and support reform is vital to any serious long-term policy of promoting economic and political change in the Middle East. So far, however, MEPI is not measuring up to the challenge. It is thinly staffed, lacking a strong presence in the region, and hobbled by both diplomatic caution and resistance in the region to any pro-reform effort led by the

U.S. government. The projects it has funded to date are a scattering of well-intentioned but soft-edged initiatives favoring economic and educational issues, which Arab governments much prefer to the thornier questions of political reform. Many MEPI grants seem to be products less of innovation and boldness than of pressure to get large amounts of money out the door quickly. As a recent Brookings study of MEPI concluded: "MEPI has chosen to nibble at the margins of the reform problem by funding a wide variety of uncontroversial programs and largely working within the boundaries set by Arab governments." Congress has already begun reducing funding for MEPI; the current budget reflects a decrease of 25 percent from FY2003.

MEPI can and must be improved. Doing so will require not just a revision of programmatic priorities but a fundamental institutional restructuring. MEPI should be taken out of the State Department and relaunched as a private foundation, along the lines of other successful government-funded, privately run, regional foundations such as the Asia Foundation and the Eurasia Foundation. Such a relaunch should be part of a new, broader institutional commitment to supporting Middle East reform, which would give a critical boost to the credibility of President Bush's assertive pro-democratic stance.

A Poor Fit

Setting up MEPI within the State Department probably made sense in the post-September 11 context of extreme policy urgency as the fastest way to get a new aid program for Middle East reform under way. As MEPI has moved beyond the start-up phase, however, it has become evident that the State Department is not the right base for the sort of long-term aid response necessary to meet what will inevitably be a generational challenge of supporting fundamental political and economic change in the Middle East.

Designing and implementing effective aid programs is a fundamentally different challenge than managing diplomatic relations with other countries. State Department offi-

cers, who are the primary pool from which MEPI staff are drawn, usually have no training or experience in running aid programs. They are obliged to start at the bottom of the aid learning curve, in a region with obstacles to reform that would daunt the most expert aid practitioner. Of course MEPI staff can and do gain some of the needed knowledge by dint of trial and error. But the State Department's system of rotating officers through positions every few years ensures that as soon as they do, they will be on their way to a new position, replaced by a fresh set of newcomers to the task. Some useful aid expertise has been imported into the MEPI office through political appointments, but most political appointees do not stay in any one position for longer than a few years either. That MEPI was led by three different people in its first two years—hardly a promising leadership formula for a major new policy initiative—is evidence of this problem.

Basing MEPI at the State Department makes it hard not only to accumulate expertise but also to build sustainability. Creating a durable institutional commitment that will last through years of discouragement and setbacks is rarely possible in a crisis-oriented and often politicized policy bureaucracy. How many special policy initiatives launched by one secretary of state thrive under more than one or two of his or her immediate successors? In contrast, setting up special aid initiatives as privately run, government-funded foundations has been a recipe for sustainability. The Asia Foundation just celebrated its fiftieth anniversary, and although the Eurasia Foundation was initially set up for just an experimental five-year period, today it is going strong in its second decade.

MEPI's current home brings with it two other significant liabilities. Although many Arabs increasingly debate and recognize the need for far-reaching political and economic reforms in their countries, most are intensely uncomfortable with and suspicious of calls for reform emanating from Washington. Any Middle East aid initiative

housed within the U.S. government will inevitably have a significant handicap in developing partnerships with a wide range of Arab counterparts. A State Department aid program in the Middle East will continually struggle against both local suspicions that its real purposes are different than what is advertised and hostility to other elements of U.S. policy in the region. Housing an aid program within the State Department may have carried with it the promise of a positive synergy of diplomacy and aid for reform, in which U.S. government political muscle could bolster a challenging pro-reform aid program, but conflicting U.S. interests in the Middle East have led to the opposite result. An aid program run out of the State Department bureau responsible for managing America's close ties with many of the region's autocratic governments has ended up not being very daring in its approach and often undermined by other policy imperatives.

Unsatisfactory Alternatives

One alternative to MEPI's current structure would be to move it out of the State Department and into the U.S. Agency for International Development (USAID). Such a move would make MEPI part of the U.S. agency that is responsible for most U.S. foreign aid and has significant expertise in the subject. Yet this would not overcome the major problems outlined above. Although USAID has been involved in the Middle East for decades, its principal role has been as partner and supporter to some of the pro-U.S. autocracies in the region, above all Egypt and Jordan. Its aid programs have been only cautiously reform oriented at best, especially on the political side. And in the past several years, USAID has shown only a limited capacity to change gears decisively and become a major source of innovative, bold pro-reform aid. USAID-based MEPI would have to operate within the constraining framework of accumulated rules and regulations and the burdensome congressional earmarking that greatly hamper USAID.

MEPI at a Glance

- Established by Secretary of State Colin Powell, December 12, 2002.
- Based at the Bureau of Near Eastern Affairs, U.S. Department of State.

Annual Budget (millions of dollars)		
	Requested from Congress	Authorized
FY 02	n/a	\$29.0
FY 03	n/a	\$100.0
FY 04	\$145.0	\$89.5
FY 05	\$150.0	\$74.4

Priorities

- **Economic.** Supporting economic and employment growth driven by private sector expansion and entrepreneurship.
- **Political.** Fostering expanded public space where democratic voices can be heard in the political process, people have a choice in governance, and there is respect for the rule of law.
- **Education.** Supporting education systems that enable all people, including girls, to acquire the knowledge and skills necessary to compete in today's economy and improve the quality of their lives.
- **Women's issues.** Working toward economic, political, and educational systems where women enjoy full and equal opportunities.

Moreover, although USAID is the aid arm rather than the diplomatic arm of the U.S. government, a USAID-based MEPI would still come to the region as a U.S. government program, with all the problematic baggage that entails. Even though USAID has long experience in the region, its presence there is relatively narrow in geographical terms. It has missions in only six countries in the region and little or no experience in many places that are crucial to the political future of the Middle East, including Saudi Arabia and the other Gulf states.

Another unsatisfactory alternative would be to fold MEPI into the National Endowment for Democracy (NED). NED, a government-funded, privately run organization, is a valuable institution with experience promoting democracy going back more than ten years in parts of the Middle East. It would not, however, make a good base for MEPI. In accordance with its mandate, NED specializes in democracy promotion. MEPI's mandate, quite correctly, is much broader, spanning not just political reform but also economic and social reforms, including education. Attempting to meld these wide priorities with NED's democracy focus would be awkward. Moreover, NED is a relatively small institution (its FY2004 core budget was \$40 million) already in the midst of a major expansion (its FY2005 core budget is \$60 million). Trying to graft onto NED a new aid initiative whose current budget for one region is already larger than NED's budget for the whole world would be an obvious institutional misfit.

A Better Approach

Instead, MEPI should be taken out of the State Department and reestablished as the Middle East Foundation (MEF), a private foundation akin to the Asia Foundation and Eurasia Foundation. Like the Asia Foundation, MEF would receive core funding in the form of a line-item grant in the foreign affairs account of the federal budget. It would also compete for project funds from USAID in areas appropriate to its mandate of support-

ing political, economic, and social reform in the Middle East. MEF would have a professional staff selected through open, competitive hiring processes and an independent board of directors made up of prominent persons knowledgeable about the region. MEF would be headquartered in Washington, but

the bulk of its staff would be persons from the region who would work in country offices throughout the Middle East.

By building up a combination of long-term U.S. professional staff (working both in headquarters and in the country offices) and a large contingent of resourceful, talented

A vigorous aid program to stimulate reform is vital to any long-term policy of promoting change in the Middle East.

Regional Foundations at a Glance

	Asia Foundation	Eurasia Foundation
Year Established	1954	1993
FY03 Annual Budget (in millions)	\$61.3	\$26.3
Approximate Number of Staff	350	200
Headquarters (HQ) and Regional Offices	San Francisco (HQ), Washington D.C.; 17 offices in Afghanistan, Bangladesh, Cambodia, China, East Timor, Hong Kong, Indonesia, Japan, Mongolia, Nepal, Pakistan, Philippines, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam.	Washington D.C. (HQ); 9 regional offices and 7 branch offices in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan.
Priorities	<ul style="list-style-type: none"> • Effective governance, including conflict management, rule of law, anticorruption, human rights, and free and fair elections. • Economic development through entrepreneurship, trade, and good corporate governance. • Equal partnership and increased political participation of women. 	<ul style="list-style-type: none"> • Poverty reduction, microfinance, local business development and entrepreneurship. • Civil society, local government, media support, and democratic institution building. • Environmental protection. • Conflict prevention and management.

local staff in each recipient country, MEF could operate very differently, and more effectively, than MEPI. MEPI currently has approximately thirty-five staff for its budget of \$75 million. By comparison, the Asia Foundation has approximately 350 staff for a similar-sized budget. The latter's much greater ratio of staff-to-aid dollar is not a sign of inefficiency but rather of a different method. Instead of giving out relatively large grants primarily to U.S. organizations, the Asia Foundation works very close to the ground in Asia directly with a wide range of organizations (mostly nongovernmental) of the recipient societies, offering not only flexible financial support but also training and other types of technical assistance. This method permits a style of work that is necessary for effective pro-reform aid in the unusually complex, problematic context of the Middle East: long-term nurturing of small- to medium-sized local organizations committed to change; investment in a new generation of activists and potential leaders, and an ability to make small but strategic bets on unconventional projects and ideas.

As a private foundation, MEF would be able to establish its own identity and reputation in the region as an institution separate from the U.S. government. The other U.S. regional foundations have demonstrated that even when a private foundation is initially established by and continues to receive most of its funding from the U.S. government, it can establish at least some independence from the government in the eyes of people in recipient countries. Even just a few degrees of separation is extremely important in sensitive political contexts, like that in the Middle East, where a welter of diverse U.S. interests are at play and suspicions about the U.S. government's motives for supporting political change are high. A private foundation has more scope than an aid program closely tied to U.S. diplomacy for supporting sensitive political reform projects.

There is no silver bullet for democracy aid in authoritarian or semiauthoritarian

contexts where the United States has some entrée but also reasons to stay friendly with the existing regime. Such aid should aim at developing real partnerships with the best of whatever independent organizations exist and with whatever reformers have found a hold in the government. The aid has to help those partners carry forward their own agenda at their own pace, pushing when possible, stepping back when necessary. The aid providers have to maintain some sort of cooperative relationship with host governments but make sure they do not fall for the cooptive tactics that those governments will inevitably employ. Such an approach is much more possible with an independent foundation than an aid program based at the State Department. The successful work of the Asia Foundation (and the Ford Foundation) with human rights groups and student groups in Indonesia in the first half of the 1990s exemplified this approach. The Eurasia Foundation's current work with civil society in Russia and other parts of the former Soviet Union does as well.

Relaunching MEPI as a private foundation would also open up the possibility of attracting funds from other sources, including business, individual donors, and other bilateral aid agencies. Both the Asia Foundation and the Eurasia Foundation now receive funding from private and international sources. Although their non-U.S. government funding remains relatively small, their diversification of sources increases their resources and helps solidify their independent identity. Given how widely the importance of supporting Middle East economic and political reform has been accepted in Western public and private circles, a MEF with substantial staff expertise in the region and a network of competent country offices would likely attract some non-U.S. government support.

No Magic Solutions

Even the most well-conceived relaunch of MEPI will not work magic against the daunting challenge of promoting Middle East

reform. Fundamental political and economic change in the Middle East is going to be extremely hard, slow, and uncertain, no matter what the United States does. The unpleasant fact remains that no matter how much the United States and Europe would like such change to occur, it will probably not happen anytime soon, and if change does occur soon it may be of a chaotic or otherwise unpredictable nature that proves inimical to some U.S. interests in the region. And no matter how skillfully Western policy makers and aid

official U.S. aid, to economic measures (such as free trade agreements and Export-Import Bank support), to military training programs. The Support for East European Democracy Act of 1989 (SEED), which created such mechanisms to support change in Central and Eastern Europe, is one possible model. The Alliance for Progress of the 1960s that backed Latin American reform is another.

Whether by itself or as part of a larger set of new institutional measures, the case for transforming MEPI into a private foundation

MEPI should be taken out of the State Department and relaunched as a private foundation.

practitioners engage in the task, experience in other regions makes clear that the role of outside actors is not likely to be determinative.

Moreover, even if a more effective aid program is created, it will be of little consequence if it is not matched with more vigorous and complementary U.S. diplomacy. At a minimum such efforts will need to include more consistent, assertive high-level U.S. pressure on Arab leaders for political and economic reform. More effective U.S. handling of the larger regional issues, above all Iraq and the Israeli–Palestinian conflict, is also crucial. Ideally, a MEPI relaunch should be part of a broader effort by the new Bush foreign policy team to create a more coherent, visible institutional commitment to Middle East reform. This could include the appointment of a senior, administration-wide coordinator for Middle East Reform (perhaps the deputy secretary of state) and umbrella legislation that would provide the coordinator broad authority to energize and oversee the range of relevant U.S. government policies and programs. The coordinator could then forge pro-reform strategies for specific countries bringing together the whole range of available instruments—from public diplomacy programs and

is clear. Such a transformation will greatly increase the possibility of MEPI becoming a generational commitment rather than a short-term initiative. It will allow the building up of a long-term staff with substantial experience in the political and economic dynamics of the region and in how to use aid to promote critical reforms. It will make possible the development of the sorts of flexible, locally oriented aid methods crucial to work in the politically and economically blocked contexts. And it will permit the aid program to gain some measure of independence from the U.S. government, partly overcoming the problematic issue of conflicting U.S. interests in the Middle East.

Finally, and not least important, relaunching MEPI as the Middle East Foundation with its own institutional identity and profile will give President Bush a highly visible and solid achievement on Middle East reform to point to at the start of his second term. This will reduce the damaging gap between the president's pro-democracy rhetoric and the actual substance of his policy in the Middle East and will increase the chance for progress in this domain of critical importance to the United States, Europe, and the Middle East itself. ■

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