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## The Middle East Partnership Initiative: An Overview

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### Summary

The Middle East Partnership Initiative (MEPI) is a program designed to promote political, economic, and educational development in the Middle East. This report provides an overview of the MEPI program, its perception in the Middle East, and its role in the debate over U.S. efforts to promote democracy in the Arab world. For FY2006, the Bush Administration has requested \$120 million for MEPI. For FY2005, Congress appropriated \$75 million for MEPI, half of the President's original request. MEPI has received an estimated \$294 million in funding since its creation in FY2002. This report will be updated as developments unfold.

### Overview

On December 12, 2002, Secretary of State Colin Powell announced the creation of the Middle East Partnership Initiative (MEPI), a program designed, in the words of Secretary Powell, to be a "continuation, and a deepening, of our longstanding commitment to working with all peoples of the Middle East to improve their daily lives and to help them face the future with hope."<sup>1</sup> In light of the continuing war against terrorism, the reconstruction of Iraq, and increased violence in Israel and the West Bank and Gaza Strip, MEPI emphasizes what some analysts call the softer elements of U.S. foreign policy: foreign aid, trade, education, and democratization. MEPI is a key component in the Bush Administration's policy of promoting democracy in the Middle East.

In addition, the 9/11 Commission Report from 2004 reiterates the importance of formulating policies that seek to expand opportunities, particularly for young people in the Arab world and Muslim-majority countries. According to the report, "A comprehensive U.S. strategy to counter terrorism should include economic policies that encourage development, more open societies, and opportunities for people to improve the

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<sup>1</sup> "The Middle East Partnership Initiative: Building Hope for the Years Ahead," U.S. Department of State, December 12, 2002.

lives of their families and to enhance prospects for their children's future."<sup>2</sup> P.L. 108-458, the FY2004 Intelligence Reform and Terrorism Prevention Act, authorized MEPI (see section 7115) for the first time since its creation in FY2002.

MEPI's objectives are divided into four overarching categories: political reform, economic reform, educational reform, and women's empowerment. In order to meet these goals, MEPI officials, in conjunction with Arab governments, invest funds in programs geared toward strengthening Arab civil society, encouraging micro-enterprise, expanding political participation, and promoting women's rights.<sup>3</sup>

## Socio-Economic Conditions in the Arab World

Underlying the four pillars of the Middle East Partnership Initiative is the stated desire of the Bush Administration to help improve living conditions in a region that has seen stagnant economic growth over several decades. Despite a region-wide 3.1% growth rate between 1991-2000, Middle Eastern economies face serious economic and social challenges. Arab countries combined generate only 1% of the world's non-oil exports. According to the United Nations' *Arab Human Development Report 2002*, 14 million Arab adults lack the job skills to provide enough income for even the most basic of necessities. From a demographic standpoint, many Arab countries continue to experience steep increases in their populations, which could lead to as many as 50 million more Arab workers crowding job markets in the next eight years.<sup>4</sup> In addition, the *Arab Human Development Report* concluded that out of the seven world regions, the Arab countries had the lowest freedom score in the late 1990s. Many observers are concerned that slow growth, in conjunction with rapidly rising populations and restrictions on personal freedoms which vary from country to country, could lead to expanding regional instability in the years ahead.

## MEPI Funding

MEPI, which is managed by the State Department's Bureau of Near Eastern Affairs Partnership Initiative Office, has received its funding from Economic Support Funds (ESF) in annual foreign operations appropriations legislation and from supplemental appropriations in FY2002 and FY2003.<sup>5</sup> For the past two fiscal years, Congress has

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<sup>2</sup> See, "What To Do? A Global Strategy," *The 9/11 Commission Report*, section 12.3, p.379.

<sup>3</sup> In order to secure Arab cooperation with MEPI, U.S. officials have stressed that MEPI is a "partnership" with the Arab world and not an attempt to impose a set of values on the region. According to some outside observers, MEPI is an attempt to find a middle ground where the United States can encourage reforms without challenging the legitimacy of the host Arab government.

<sup>4</sup> "Arab Human Development Report 2002," The United Nations Development Program, Arab Fund for Economic and Social Development, 2002.

<sup>5</sup> MEPI received an initial \$29 million in funding in FY2002, of which \$5 million came from the Middle East Democracy Fund, \$4 million from the U.S.- North African Economic Partnership, and \$20 million from an emergency supplemental appropriation from FY2002. For FY2003, there was no Economic Support Fund (ESF) allocation for MEPI, as the program was conceived after

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appropriated funds for MEPI at levels below the original Administration request due to a combination of funding constraints and concern over a lack of programmatic detail submitted to Congress.<sup>6</sup>

In FY2005, the Bush Administration requested \$150 million for MEPI. The House-passed FY2005 Foreign Operations Appropriations bill (H.R. 4818) designated \$90 million for MEPI. The Senate measure (H.R. 4818 as amended to incorporate the text of S. 2812) did not earmark ESF funds for MEPI. The Senate bill did specify that up to \$4.5 million in MEPI funds may be made available for scholarship programs for students from countries with significant Muslim populations at American institutions of higher education in the Middle East. P.L.108-447, the FY2005 Consolidated Appropriations Act, provided \$75 million in ESF for MEPI. For FY2006, the Bush Administration is seeking \$120 million in ESF for MEPI.

### **Middle East Partnership Initiative Appropriations, FY2002-FY2006**

(Regular & Supplemental Appropriations: Current Year \$ in millions)

FY2002 Actual	FY2003 Actual	FY2004 Estimate	FY2005 Estimate	FY2006 Request
\$29	\$100	\$89.469*	\$74.400	\$120

\*The FY2004 Iraq Reconstruction Relief Funds Supplemental (P.L. 108-106) specifies that \$30 million in Iraq reconstruction funds may be transferred to MEPI for FY2004.

## **Recent Congressional Action**

**Authorization.** H.R. 2601, the House FY2006 and FY2007 Foreign Relations Authorization bill, would require that at least half of all MEPI funds be used to support non-governmental organizations, female and minority rights, and the rule of law in the Middle East. In addition, the bill would transfer the interest portion of Egypt's foreign aid to MEPI accounts in order to be used for democracy and education programs in Egypt.<sup>7</sup>

S. 600, the Senate's FY2006 and FY2007 Foreign Relations Authorization bill, would authorize up to \$150 million in appropriations for MEPI. In addition, it requires the State Department to report on MEPI's progress in meeting its goals and calls on the Administration to sharpen its coordination efforts on Middle East democracy promotion

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<sup>5</sup> (...continued)

the FY2003 budget was finalized. The FY2003 Emergency Wartime Supplemental Appropriations Bill, H.R. 1559 (P.L. 108-11), did not earmark MEPI, but \$200 million was expected to be provided through non-earmarked ESF appropriations. However, because of earmarks and additions for Afghanistan, the Philippines, and \$10 million to investigate Iraqi war crimes, the Administration had to reduce funding available for MEPI to \$100 million.

<sup>6</sup> The Bush Administration requested \$145 million for MEPI in FY2004 and \$150 million in FY2005.

<sup>7</sup> Since 1998, some U.S. assistance to Egypt is placed in interest bearing accounts, allowing Egypt to earn additional funds before it obligates U.S. assistance for military purchases.

in order to prevent duplication of MEPI in other government-sponsored programs. Finally, the bill would authorize the creation of a private Middle East Foundation with MEPI funds.

**Appropriations.** H.R. 3057, the House FY2006 Foreign Operations Appropriations bill (passed by the House on June 28), allocates \$85 million in ESF for MEPI, \$35 million less than the President's request. The house bill also specified that up to \$4.5 million be set aside to establish a scholarship program for students from countries with significant Muslim populations at the American educational institutions in those countries.

The Senate version of H.R. 3057, which has been reported by the Senate Appropriations Committee (S.Rept. 109-096), recommends funding the full request for MEPI (\$120 million) and also directs that \$4.5 million be made available for scholarship programs. In addition, the Senate bill encourages the State Department to direct MEPI funds toward Israel's Center for International Cooperation (MASHAV) to support development programs with Israel's neighbors, including the West Bank and Gaza Strip. Finally, the Senate bill would provide the State Department with the authority to establish a private foundation and an enterprise fund utilizing MEPI funds.

## MEPI Programs

Since the debut of MEPI in December 2002, the State Department has organized over 225 programs under each of the four main pillars.<sup>8</sup> Commentators have noted that measuring the effectiveness of these programs will have to be done on a case-by-case and country-by-country basis. Programs that work to increase literacy levels or the investment of capital are inherently easier to quantify than those seeking to improve the health of a country's democratic system. Some programs have longer time horizons for effecting change than others. Countries that are more willing to welcome a foreign-sponsored program like MEPI may already have political conditions that make it easier to encourage internal reforms.

MEPI programs can either operate in one or two countries or cover the entire Middle East region. Morocco is one of the biggest beneficiaries of MEPI, together with Yemen, Bahrain, and other Persian Gulf and North African states. Many of MEPI's host countries have taken some steps to create quasi-democratic institutions such as parliaments, or have allowed some political opposition parties to organize and run in elections. However, MEPI has a much smaller presence in Egypt, where the ongoing battle between the Egyptian government and the Muslim Brotherhood has forestalled internal reforms in one of the largest countries in the region. MEPI has a small presence in ultra-conservative Saudi Arabia, where the authorities are more sensitive to reform-minded initiatives.

In the political arena, MEPI has funded pre-election polling in Lebanon and voter education programs in Egypt. MEPI also has funded voter registration programs in Yemen, judicial reform seminars in Oman and Bahrain, and training sessions for female candidates for parliament in Morocco. In the economic sphere, the program has funded commercial law initiatives, debt reform, and the development of information technology infrastructures in Algeria, Tunisia, and Morocco. In addition, MEPI hopes to help fund

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<sup>8</sup> For a complete list and description of MEPI programs, see [<http://mepi.state.gov/>].

retraining programs for Moroccan farmers who could incur financial hardships as a result of the U.S.- Moroccan free trade agreement.<sup>9</sup> The initiative also works with the U.S. Department of Commerce to provide internships in American companies for young professionals and to provide training to women entrepreneurs from the Middle East. In the realm of education reform and assistance, the Middle East Partnership Initiative has a pilot program in Yemen to promote women's literacy, as well as plans to develop greater access to the Internet for rural populations. MEPI also is working to fund teacher training programs at the primary and secondary school levels.

## Evaluating MEPI

In his January 2005 Inauguration address, President Bush stated that "we will encourage reform in other governments by making clear that success in our relations will require the decent treatment of their own people." As a tool to implement this vision of reform, analysts note that MEPI, like other U.S. assistance programs in the region, faces a number of challenges in the years to come. Many analysts note that MEPI's biggest challenge is to promote political reform within autocratic regimes, thereby gradually undermining the very governments that the United States rely upon for strategic cooperation in the Middle East. Thus, programs such as MEPI are in the difficult position of funding reform-minded projects designed to circumvent the power of the state over the long term, while relying on the good will of Arab governments to operate such programs in host countries. Other government agencies, such as USAID, have long faced such a dilemma, though observers assert that MEPI's reform agenda makes this struggle more pronounced.

Most political Islamist groups, which are the most powerful opposition movements across the region, are excluded from participating in MEPI programs due to the insistence of host governments and the unwillingness of some U.S. policymakers to legitimize Islamist groups that may seek to permanently enshrine Islam in a country's political and social system.<sup>10</sup> Questions remain as to the willingness of Arab reformers (secular or Islamist) to accept U.S. assistance, lest they run the risk of appearing to "collaborate" with the West. Some analysts charge that this concern is exaggerated and that many groups might be willing to accept U.S. assistance to support their reform activities.

The MEPI program is still relatively new and, since its inception, has received some criticism for concentrating on "safe issues," such as economic reform and education, instead of more sensitive issues such as supporting opposition activities and constitutional reform. According to one recent evaluation by the Brookings Institution, "MEPI tends to fund programs carried out by American NGOs that do not cross the red lines of regime-

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<sup>9</sup> Bureau of Near Eastern Affairs Briefing to the House International Relations Committee, February 10, 2003.

<sup>10</sup> Political conditions vary across the Middle East and some Islamic groups are more moderate than others. For example, the evolving political process in Iraq may produce a Shiite majority government, which may seek to incorporate Shiite Islam in some parts of Iraqi law without alienating non-Shiite groups. In other countries, such as Saudi Arabia, political reform could empower more hardline clerics rather than secular, Western-oriented reformers.

sponsored reform, or that simply do not match the political realities Arabs face.”<sup>11</sup> However, in recent months, MEPI has begun distributing small grants directly to NGOs in Egypt to support political activists and human rights groups.<sup>12</sup> The State Department MEPI office also has established two regional offices, one in the United Arab Emirates and the other in Tunisia. Overall, MEPI’s economic and social programs are designed to foster modernization, reform, and development over the long term.

Some experts have recommended that MEPI be transformed into a private foundation in order to partly disassociate it from direct U.S. government control. U.S. officials have rejected this idea, asserting that the United States needs such policy tools to effect change in the region. As noted above, recent legislative proposals have called for the creation of a Middle East foundation that would be partially funded with MEPI funds.

## **Foreign Reaction to MEPI**

The Middle East Partnership Initiative has received mixed reactions, varying from country to country in the Arab world. At the governmental level, MEPI has been largely welcomed by the Arab monarchies of Morocco, Bahrain, Jordan with particular support for the educational and economic components. Immediately following Secretary Powell’s announcement of the initiative, the Moroccan Foreign Ministry stated its support for MEPI, noting that it intended to strengthen the democratic process in Morocco. Yemen also has welcomed the initiative. However, even among these enthusiastic Arab countries, there is still a high degree of sensitivity toward western programs designed to promote what is perceived as Western-style democracy. The governments of Egypt, Saudi Arabia, and Oman have been more tepid in their response to MEPI, while the affluent United Arab Emirates has shown less interest than some of the other small Persian Gulf monarchies.

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<sup>11</sup> See Tamara Cofman Wittes and Sarah E. Yerkes, “The Middle East Partnership Initiative: Progress, Problems, and Prospects,” Middle East Memo, Saban Center at the Brookings Institution, November 29, 2004.

<sup>12</sup> See, “Tentative Steps: Democracy Drive By America Meets Reality in Egypt,” *Wall Street Journal*, April 11, 2005.

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