

# CRS Report for Congress

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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 \$284 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 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 lives of their families and to

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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.

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.

## **Winning "Hearts and Minds" & Promoting Democracy**

In the aftermath of the September 11 attacks on the United States, the Bush Administration has placed a much greater emphasis on countering anti-American sentiment in the Middle East, as well as taking concrete steps to improve the underlying socio-economic and political conditions in Arab countries, which some observers believe could lead to less extremism in the region. According to Ambassador Richard N. Haass, president of the Council on Foreign Relations, "by creating what might be called a democratic deficit — we missed an opportunity to help these countries become more

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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.

stable, more prosperous, more peaceful, and more adaptable to the stresses of a globalizing world.”<sup>5</sup>

Some analysts believe that The Middle East Partnership Initiative can have a positive impact on the region by promoting democracy and economic development. However, critics suggest that MEPI will have little effect in both encouraging political change and countering anti-Americanism in the region. Observers note that MEPI’s underlining strategy of funding small-scale projects has proven ineffective in the past when faced with the challenge of reforming closed economies and entrenched state bureaucracies.<sup>6</sup> Other skeptics even suggest that MEPI will only encourage opponents of U.S. policy in the region, who may perceive the program as an exercise in U.S. imperialism or an imposition of democracy from the west. Some critics of U.S. policy assert that there is an inherent contradiction in U.S. foreign policy in the Middle East, in which the United States advocates liberalization in the region, while bolstering ties with autocratic regimes with similar strategic interests. Others suggest that no amount of public diplomacy can overcome the Arab perception that the United States is too closely aligned with Israel. Finally, there is criticism of the amount requested for MEPI, \$120 million in FY2006, as tokenism compared to other U.S. national security commitments in the region.

## **MEPI’s Impact on U.S. Assistance to the Middle East**

Traditionally, most U.S. economic assistance programs to the Middle East have been instituted on a bilateral basis with few funds devoted to more thematic approaches to socio-economic development and reform.<sup>7</sup> For Arab recipients of U.S. economic assistance, such as Egypt, Jordan, and Morocco, bilateral aid has been channeled through the United States Agency for International Development (USAID), which in conjunction with the host country and contractor, implements development projects on the ground.

Although this system will most likely remain in the near future, some U.S. officials believe that MEPI represents a philosophical commitment to ensure that future U.S. economic aid encourages social, political, and economic reforms in Arab countries. As part of the Administration’s MEPI strategy, USAID has been required to conduct a joint review with the State Department of all its programs in the region in order to ensure that they comply with MEPI goals and objectives. USAID has worked on development in the Middle East since the early 1960s and has many long-standing programs that were established before the advent of MEPI.<sup>8</sup> Some observers believe that future U.S.-funded development projects in the Middle East will have to incorporate MEPI’s reform agenda.

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<sup>5</sup> “The Battle for Arab Hearts and Minds, Shifting U.S. Policy?” The Foreign Policy Association, December 12, 2003.

<sup>6</sup> See Amy Hawthorne, “The Middle East Partnership Initiative: Questions Abound,” *Arab Reform Journal*, Volume 1, Issue 3, September 2003.

<sup>7</sup> For FY2003, MEPI funds constituted just 5.4% of the total U.S. economic assistance package to the Middle East.

<sup>8</sup> Some observers have noted that to a considerable extent, there is overlap between the missions and objectives of MEPI and those of USAID, particularly in the economic sphere. For example, while MEPI plans on devoting funds to small business development, USAID has been funding micro-business programs in Morocco and in Egypt since 1988.

## 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>9</sup> For the past two fiscal years, Congress has 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>10</sup>

In FY2005, the Bush Administration requested \$150 million for MEPI. On July 15, 2004, the House passed the FY2005 Foreign Operations Appropriations bill (H.R. 4818), which designated \$90 million for MEPI. On September 23, 2004, the Senate passed its measure (H.R. 4818 as amended to incorporate the text of S. 2812), which 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 Request

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

FY2002 Actual	FY2003 Actual	FY2004 Estimate	FY2005 Estimate	FY2006 Request
\$29	\$90	\$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.

## MEPI Programs

Since the debut of MEPI in December 2002, the State Department has organized over 50 programs, some of which are already operating, under each of the four main

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<sup>9</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 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 \$90 million.

<sup>10</sup> The Bush Administration requested \$145 million for MEPI in FY2004 and \$150 million in FY2005.

pillars.<sup>11</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 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 retraining programs for Moroccan farmers who could incur financial hardships as a result of the U.S.- Moroccan free trade agreement.<sup>12</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.

## 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, Qatar<sup>13</sup> 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,

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<sup>11</sup> For a complete list and description of MEPI programs, see [<http://mepi.state.gov/>].

<sup>12</sup> Bureau of Near Eastern Affairs Briefing to the House International Relations Committee, February 10, 2003.

<sup>13</sup> Most analysts recognize that Bahrain, Qatar, and Jordan have made varying efforts to liberalize their domestic political and economic structures over the past decade. Most observers also agree that the leaders of these countries have kept a slow pace to the process of liberalization.

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.

At the unofficial level, the initial reaction in the Arab world to MEPI was largely negative, primarily in the Arab press. In an editorial in the London-based *Al-Hayat*, columnist Jihad al-Khazin wrote that “there is an insult here, which I do not believe Powell intends. This sum [\$29 million] means that only 10 cents will be spent on every Arab man, woman, and child to teach them democracy ... if this figure is increased 10-fold, it will mean that one dollar will be spent on each Arab for the declared goal. This amounts to a tenfold insult.”<sup>14</sup> In another editorial from the Beirut-based *Al-Safir* newspaper, editor Joseph Samahah wrote the purpose of MEPI was to link “the ambitions of some people in the Arab world to the objectives of the United States, not the objectives of the United States to the ambitions of people in the Arab world.”<sup>15</sup>

## The Challenge of Promoting Reform in the Middle East

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. First and foremost, many Arab governments may be resistant to some U.S. political reform programs that seek to empower opposition movements, while U.S. policymakers may be hesitant to work with some Islamist groups that seek to permanently enshrine Islam in a country’s political and social system.<sup>16</sup> 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-sponsored reform, or that simply do not match the political realities Arabs face.”<sup>17</sup> Often times, the issue of reform in the region may be secondary to traditional U.S. strategic and security interests.

In addition, MEPI’s economic and social programs are designed to foster modernization, reform, and development over the long term. Change may not occur overnight and will require patience and persistence from U.S. policymakers for many years to come.

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<sup>14</sup> “Eyes and Ears Column,” *Al Hayat* (London), December 25, 2002.

<sup>15</sup> “Pennywise Commitment to Arab Democracy,” *Asia Times*, January 9, 2003.

<sup>16</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.

<sup>17</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.