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REFORMING THE DEMOCRACY BUREAUCRACY

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EXECUTIVE SUMMARY

- U.S. democracy assistance, which began in earnest in the 1980s as a means to support democratization in Eastern Europe and encourage liberalization in the Soviet Union, enjoys bipartisan support and has become an institutionalized part of U.S. foreign policy.
- Democracy assistance is a national security issue. Scholars have posited that democratic states by and large do not fight with their neighbors. For this reason, supporting democrats is an important part of safeguarding U.S. national security.
- Democracy assistance has grown into a \$3 billion industry that encompasses non-profit and for-profit organizations.
- Two main institutional models exist for promoting democracy—field-based and independent grant-making organizations. Field-based organizations, like the National Democratic Institute, are headquartered in Washington, DC, but maintain numerous field offices. Independent grant-making organizations, like the National Endowment for Democracy, have only a central headquarters and work on the ground almost exclusively through local partners.
- This division of labor can serve as the basis for a number of simple reforms that can enhance the effectiveness of U.S. democracy promotion.
- Donor organizations without field offices are less vulnerable to pressure from authoritarian regimes because they do not need to maintain field offices. As a result, they are better suited to working in countries rated by Freedom House as “not free.” Field-based organizations, by contrast, are susceptible to strong-arm tactics by repressive regimes.
- Field-based organizations should focus their efforts on countries where democratic transitions are already underway because they are better able to function in freer environments and more likely to have a positive impact there.
- Noncompetitive practices for awarding program funds—like USAID's Consortium for Elections and

Political Processes Strengthening (CEPPS) mechanism—have stymied innovation and should be phased out.

- Transparency is a vital aspect of competition. All proposals including detailed budgets, quarterly reports, final reports and evaluations for USAID-funded programs in countries ranked “partly free” should be publicly available on a single website that Congress, scholars and citizens can monitor.
- Democracy promotion requires more than simply injecting funds into not-free countries in the hope that assistance will eventually transform them into robust democracies. Resource allocations should be strategic, funding mechanisms competitive, and operating practices transparent.

TERMS OF REFERENCE

CEPPS	Consortium for Elections and Political Processes Strengthening
CIPE	Center for International Private Enterprise (one of the core institutes of the National Endowment for Democracy)
NDI	National Democratic Institute (one of the NED’s core institutes)
NED	National Endowment for Democracy, an independent grant-making organization
IRI	International Republican Institute (one of the NED’s core institutes)
IFES	International Foundation for Electoral Systems
Solidarity Center	Solidarity Center (one of the NED’s core institutes)
USAID	United States Agency for International Development (government agency that distributes the bulk of U.S. democracy dollars)

Grant-making organization:

The NED is an independent grant-making organization that does not maintain field offices and distributes grants directly to indigenous NGOs.

Field-based organization:

Non-profit or for-profit organization with local offices that deliver programs; it is the dominant model; most organizations implementing democracy and governance programs are field-based. Also called implementers.

I. Introduction

This paper examines how the U.S. supports democrats and democratic movements and offers recommendations to improve the delivery of U.S. democracy assistance. U.S. democracy assistance, which began in earnest in the 1980s as a means to support democratization in Eastern Europe and encourage liberalization in the Soviet Union, enjoys bipartisan support and has become an institutionalized part of U.S. foreign policy. Today the U.S. supports democrats on every continent rhetorically and through assistance dollars. U.S. democracy dollars are distributed through the United States Agency for International Development (USAID), the Department of State, the National Endowment for Democracy, and several other government agencies. U.S. assistance provides funding for independent newspapers, coaches political parties, trains citizens how to monitor elections, supports business associations, among many other examples.

Democracy assistance has been a U.S. foreign policy priority—albeit a secondary one, relative to defense, diplomacy and development—for moral and pragmatic reasons. From President Ronald Reagan to Barack Obama, official rhetoric on the importance of democracy has largely remained the same: Humans long to be free, and democracy is the system that provides the most freedom for human flourishing. Pragmatically, democratic states make better neighbors. Scholars have posited that democratic countries by and large do not fight with their neighbors; thus, a world dominated by democratic governments would experience less tension and limit the potential for confrontation. For this reason, supporting the growth of democracies contributes directly to safeguarding U.S. national security.

From its modest beginnings in the Reagan administration, the idea that outside actors can encourage democratic change overseas has grown into a \$3 billion industry encompassing a vast array of programs.¹ Scholars and practitioners have argued convincingly² that the “democracy bureaucracy”³ remains uncoordinated, is often counterproductive, contains redundancies, “and [is] characterized by scant strategic thinking and a cumbersome management system.”⁴ Yet supporting democrats is an important plank of U.S. influence and national security that can be improved with three reforms.

First, the U.S. government should leave democracy assistance in authoritarian countries like Uzbekistan and Zimbabwe to the independent grant-making model exemplified by the National Endowment for Democracy (NED). Second, field-based organizations like the National Democratic Institute (NDI) and International Republican Institute (IRI) should focus on partly free places already on the road to change like Kyrgyzstan and Tunisia. Finally, non-competitive mechanisms for awarding funds to democracy-promotion organizations should end.

The first two reforms entail a strategic approach to a natural division of labor within the democracy-promotion community. Field-based organizations implement programs through field offices staffed by expatriates and locals, while the grant-making organization being discussed maintains its headquarters in Washington, DC, but does not support field offices. The NED is the best-known grant-making organization, while most partners of the United States Agency for International Development, like NDI and IRI, are field-based organizations.

¹ In 2013, the U.S. government plans to spend \$2.8 billion to support democracy, good governance and human rights overseas, according to the State Department/USAID Foreign Assistance Dashboard. The FY2010 figure was \$3.4 billion. From *Investing in Freedom: Analyzing the FY2012 International Affairs Budget Request: Special Report*, Freedom House, May 2011, p. 3. Available: http://www.freedomhouse.org/sites/default/files/inline_images/Investing%20in%20Freedom%20Analyzing%20the%20FY%202012%20International%20Affairs%20Budget%20Request.pdf

² Cohen, Michael A. and Maria Figueroa Küpçü, *Revitalizing US Democracy Promotion: A Comprehensive Plan for Reform*, April 2009. Washington, DC: New America Foundation.

³ Melia, Thomas O. “The Democracy Bureaucracy,” *The American Interest*, 1 June 2006. Available: <http://www.the-american-interest.com/article.cfm?piece=75>

⁴ Michael A. Cohen and Maria Figueroa Küpçü call for a “bureaucratic brush clearing” and suggest that the Obama administration working with Congress “make a concerted effort to identify and eliminate the many redundancies in the assistance bureaucracy.” Cohen, Michael A. and Maria Figueroa Küpçü, *Revitalizing US Democracy Promotion: A Comprehensive Plan for Reform*, April 2009. Washington, DC: New America Foundation, p. 3.

II. Background

It is difficult to measure the effects of a democracy and governance program, unlike in the more traditional subfields of development such as health, where monitoring and evaluation are more straightforward: This program immunized 5,000 people or brought 5,000 liters of clean drinking water to a village. The results of democracy programming are often imperceptible at first and may take years to become apparent. While acknowledging the difficulties of measuring program efficacy, the U.S. should not continue to spend \$3 billion annually if it cannot demonstrate that its democracy programs are having an impact.

This paper is the result of graduate school study, and then work as a practitioner focusing on Azerbaijan and the Republic of Georgia. Like many in the field, I arrived with high hopes that smart development specialists with regional knowledge could design effective programs to enable democratically minded individuals to push for reform. What I observed was disheartening: Cookie-cutter programs that did not take into account a country's specific circumstances or incentive structure into program design. As a result of formal study and as a practitioner, I offer this report in the hopes that the second generation of democracy specialists will skeptically evaluate the efforts of the last 30 years and reform a field that truly has the potential to better the lives of millions abroad and enhance the security of Americans at home.

III. Models Matter

The delivery of non-profit democracy assistance almost always takes one of two basic institutional forms: a field-based organization that carries out programs in country through offices in country and local staff, or a grant-making organization with a centralized office that normally does not have field offices. While both models are tax-payer funded, their ability to operate and carry out meaningful programs, especially those in authoritarian and semi-authoritarian countries, varies dramatically.

The U.S. government overwhelmingly distributes its democracy assistance dollars through USAID, which selects field-based organizations to implement its program ideas; these field-based organizations are nonprofit and for-profit.⁵ USAID itself does not implement the actual programs, which led Senator Patrick Leahy to memorably (and accurately) describe it as “a check writing agency for a handful of big Washington contractors and NGOs.”⁶ Examples of non-profit organizations that implement USAID programs include the International Republican Institute, National Democratic Institute, Counterpart International and dozens of others. For-profit contractors that specialize in democracy and governance programs include Chemonics International, Democracy International, Development Alternatives, Inc. (DAI) and many others.

These field-based implementers are structurally similar and operate along roughly the same lines: a large office in Washington, DC, sets the overall strategy, while field offices scattered throughout the world execute the actual programs. In many of the field offices, an American serves as the director and locals provide administrative support. The field-based model provides a continuous U.S. presence on the ground and can provide different kinds of assistance that can be hard to do through externally based grants. Field-based operations can bring technical knowledge, oversight, local information and access to decision-makers.

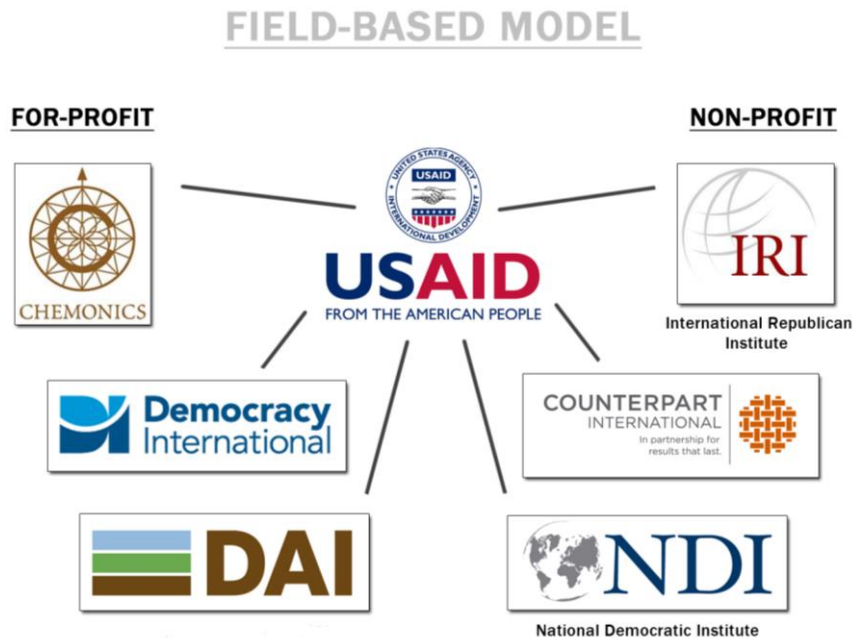
The field-based model is often inefficient, as a larger footprint leaves fewer assistance dollars to fund actual programs. Overhead costs, including salaries, rent, and expatriate perks in an organization with field offices can reach up to 70 percent, while overhead at an independent grant-making organization like the NED is 16 percent.⁷ It

⁵ Of the \$2.25 billion the U.S. government spent on democracy programs in 2008, 87 percent was allocated to USAID. *Democracy Assistance: U.S. Agencies Take Steps to Coordinate International Programs but Lack Information on Some U.S.-funded Activities*, U.S. Government Accountability Office, GAO 09-993, September 2009, p. 14.

⁶ “Statement of Senator Patrick Leahy, State Foreign Operations Subcommittee Hearing on Fiscal Year 2009 USAID Budget Request,” 4 March 2008.

⁷ The political party institutes (National Democratic Institute and International Republican Institute) define “overhead” narrowly in order to keep the number artificially low; if one were to add all the salaries and rent, the figure would be much higher. Officially, overhead at the political party institutes is somewhere between 20 to 25 percent. The political party institutes define overhead as staff salaries for the accountants, technical experts and executive-level staff as well as rent in the Washington office. Their definition of overhead does not include program staff salaries in Washington, local staff salaries, the expatriate director's salary, the expatriate's apartment, the expatriate's biannual international airfare, private school tuition for the expatriate's children (if applicable) or office

is telling that field-based organizations do not make their detailed program budgets publicly available. By contrast, the NED makes its grant recipients and the amounts they receive publicly available in its annual report and on its website, allowing one to calculate what percentage of the organization's budget goes to the upkeep of its own infrastructure and what percentage goes to actual programs.



Field-based organizations often justify their presence in closed societies as a way to help crack open the door to reform, reasoning that this will pave the way to implement real programs and work with genuine political parties once political space becomes available. That argument is shortsighted, however. If and when political change comes, for example, to Uzbekistan, where President Islam Karimov has ruled for over two decades without a whiff of democratization, having had a field office in Tashkent under the Karimov regime is not likely to enable an organization to take better advantage of a hypothetical political opening. If anything, implementing democracy programs with the permission of a clearly authoritarian regime only tarnishes the credentials of the organization. Moreover, when they allow them in, authoritarian regimes often use the presence of democracy-promotion organizations to bolster their own “democratic” credentials. If and when a democratic awakening occurs in Uzbekistan, real reformers may even be unwilling to work with an organization that had cooperated with the old regime.

Having relationships with civil society activists, not maintaining field offices, puts organizations in the best position to take advantage of newly opened space.⁸ In Tunisia, organizations like NDI and Freedom House, which had built relationships outside of Tunisia with civil society activists during the Ben Ali era, were able to get on the ground and start working immediately after the revolution (NDI is overwhelmingly but not entirely field-based; Tunisia was an exception to its general modus operandi). However, they did not have field offices in Tunisia prior to the Arab Spring.⁹

One scholar suggested that this paper draw a distinction between in-country work in closed societies with governments versus in-country work that tries to reach the NGO sector in assertive and realistic ways. However, USAID's work with NGOs in semi-authoritarian and authoritarian countries is often not assertive or realistic. USAID's \$3.5 million civil society program in Azerbaijan, implemented by the National Democratic Institute, tried

rent in an expensive building with Western amenities. Some field offices have more than one expatriate as well. In sum, only a *fraction* of the total grant amount funds programs in a field-based organization.

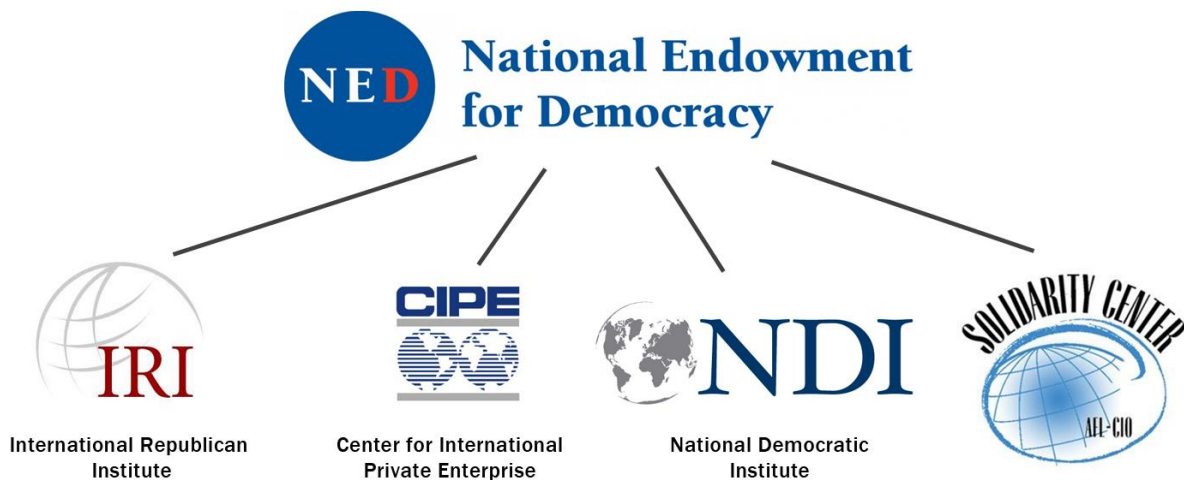
⁸ Bush, Sarah. *The Taming of Democracy Assistance* (unpublished manuscript).

⁹ *Ibid.*

to reach the NGO sector but it was not assertive in the least bit.¹⁰ The program, in part, gave small grants to local NGOs that were intended to empower youth and women, two powerless constituencies in Azerbaijan. The idea that the empowerment of women and youth is a key component in effecting positive change runs through statements by NDI's president and chairwoman, and programmatic documents on the organization's website.¹¹ They strongly imply that if we empower women and youth, they might convince their friends to pick up trash and start computer centers. All well and good, but hardly the stuff of real and meaningful social change. Even if programs could be implemented in closed countries in ways that tried to reach the NGO sector assertively and realistically, the arbiter would likely be USAID, which is highly problematic. USAID's Democracy and Governance officers often do not know the local environment or language well enough to decide if programs are assertive and realistic.¹² The implementer may have the local knowledge, but it is always in their bureaucratic self-interest to argue that there is sufficient political space to conduct meaningful programs. Thus, this paper draws a tight distinction between working in not-free countries with NGOs through field-based operations and the independent grant-making model.

As noted above, the U.S. government also supports democracy abroad through an independent grant-making approach. In institutional terms, this is the National Endowment for Democracy. The NED was created to do two things. First, it provides funds to the four "core" institutes: [National Democratic Institute](#), [International Republican Institute](#), [Center for International Private Enterprise](#) (CIPE), and the [Solidarity Center](#). Congress established the NED, in part, to fund these institutes, which transfer expertise from business, labor, and politics.

CORE FUNDING



The NED also provides small grants *directly* to domestic civil society organizations overseas. NED staff receive grant applications from small indigenous organizations and they select and fund the most promising ideas. For example, in 2011 the NED gave the OL! Azerbaijan Youth Movement a small grant to support a biweekly series of seminars and lectures that promote democratic values among young people.¹³ The events were videotaped and

¹⁰ "USAID/Azerbaijan – Our Programs: Democracy and Governance," Strengthening Civic Engagement in Political Processes in Azerbaijan. Available: <http://azerbaijan.usaid.gov/node/9>

¹¹ *Democracy and the Challenge of Change: A Guide to Increasing Women's Political Participation*, 2010. Washington, DC: National Democratic Institute, p. 12. Available: http://www.ndi.org/files/Democracy_and_the_Challenge_of_Change.pdf. "Women as Change Agents: Advancing the Role of Women in Politics and Civil Society," Statement by Kenneth Wollack, President of the National Democratic Institute, House Committee on Foreign Affairs, 9 June 2010. Available: http://www.ndi.org/files/Women_As_Change_Agents_Testimony_090610_0.pdf. See also <http://www.ndi.org/womens-political-participation> and <http://www.ndi.org/citizen-participation>.

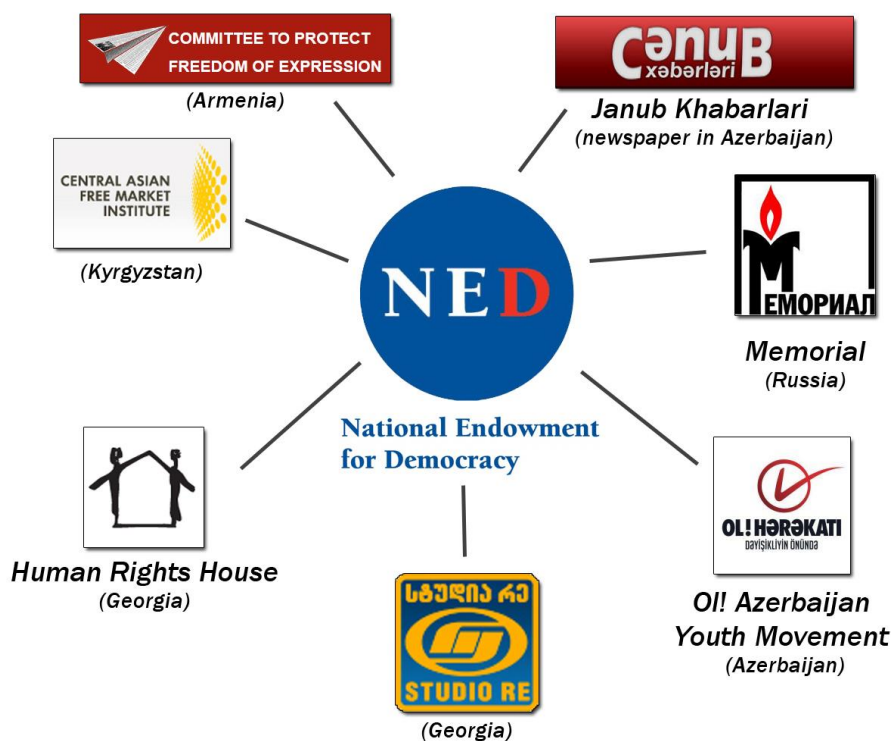
¹² Cohen, Michael A. and Maria Figueroa Küpçü, *Revitalizing US Democracy Promotion: A Comprehensive Plan for Reform*, April 2009. Washington, DC: New America Foundation, p. 10.

¹³ "Azerbaijan," taken from the 2011 Annual Report, National Endowment for Democracy. Available: <http://www.ned.org/where-we>

made available on the organization's website to any interested party. There is no field office that might worry whether the content of these events will draw regime censure. Azerbaijanis organize the activities, manage the funds, provide progress reports to Washington, design the program from the outset, and decide how far to push the envelope in dealing with their own government. In marked contrast to the field-based model, the NED's grants are conceptualized, overseen and implemented by locals; they are driven by the needs and interests of local activists, who know their societies far better than any Western development expert. NED program staff who speak relevant local languages visit their grantees often to monitor the projects. Furthermore, NED's grants tend to be very small, thereby reducing the risk that funds might be misused.

In not-free countries, the NED approach is superior because it does not require field offices that depend on the ongoing permission of the government. An organization with a field office in an authoritarian state like Russia, for example, is more vulnerable to strong-arm tactics than a foreign organization that does not seek to maintain a foreign presence. We saw this first hand in September 2012 when the Russian government ordered USAID to close all of its programs in the Russian Federation.¹⁴ Consequently, all USAID-funded partners with offices in Russia are scrambling to remain active from a neighboring country or are in the process of closing. The crucial point to remember is that field-based organizations in closed societies tend to implement cautious and anodyne programs because their dependence on field offices makes them more vulnerable to pressure from authoritarian regimes.

GRANT-MAKING MODEL



Congress has acknowledged the superiority of the grant-making model in a current bill pending before the Senate, S.3241. The Senate Committee on Appropriations “recognizes the comparative advantages of the NED in the promotion of democracy and human rights abroad,” citing its “unparalleled experience in promoting freedom during the cold war, and continued ability to conduct programs in the most hostile political environments.”¹⁵ The

work/eurasia/azerbaijan

¹⁴ “Russia Expels USAID Development Agency,” BBC World News, 19 September 2012. Available:

<http://www.bbc.co.uk/news/world-europe-19644897>

¹⁵ “U.S. Senate, Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2013,” U.S. Senate Report 112-172, 112th Congress, 2d Session, 24 May 2012, p. 34. Available: <http://www.gpo.gov/fdsys/pkg/CRPT-112srpt172/pdf/CRPT->

Senate Committee on Appropriations recommended that Congress increase the NED's budget from \$104 million to \$236 million for FY2013, "recogniz[ing] the NED as a more appropriate and effective mechanism to promote democracy and human rights abroad than either the Department of State or USAID." ¹⁶

The independent grant-making model acknowledges that outsiders have a limited role to play in democratic transitions. Because of its unique model, the NED is able to operate throughout the world and in some of the most challenging environments. In the Eurasia region, the NED supports civil society organizations in the North Caucasus; no other American organization is able to work in Dagestan or Chechnya. The grant-making model of the NED is unique, and it should be bolstered. A modest 20-percent increase to its current budget, spread over the next 10 years in small annual additions intended mainly to keep pace with inflation, would be appropriate. As the NED's budget grows, there should not be an assumption that its funding to the four core institutes will automatically increase, to ensure that the core institutes maintain political creativity and interesting programming.

There are three downsides to working through indigenous NGOs that should be acknowledged. First, indigenous NGOs tend to be less professional and have less capacity. They constantly struggle with retaining talent, raising sufficient funds, reflect the politics and personality of the NGO's leader, and are often a single grant-cycle away from insolvency. Second, domestic NGOs may not have sufficient monitoring and evaluation capabilities. Finally, the grant-making approach offers a much smaller financial pipeline than the field-office alternative, but this is a virtue. A small country awash in donor dollars is an invitation to the unscrupulous, as myriad accounts from Afghanistan attest. Societies produce only so many democratic activists, and too many assistance dollars can create an artificial cottage industry. The NED cannot pump as much money into a country as USAID, but that is hardly a bad thing.

In sum, the NED has a flexible model that enables it to assist democrats directly in repressive or sensitive political environments where U.S. government support, even if channeled through intermediary institutions, would be diplomatically or politically unfeasible. For example, the NED funds independent print newspapers in Azerbaijan, a country with virtually no independent media and active surveillance of its citizens on the web. USAID would be unlikely to fund such an "aggressive" project. The field-based model, especially the political party institutes, is too cautious in closed societies and too few dollars actually reach the field.¹⁷ Policymakers ought to work exclusively through the U.S.'s most agile organization in not-free countries.

IV. Get Smarter About Where We Work

USAID and its field-office partners should only work in countries where a democratic outcome is likely, or in countries clearly undergoing political transition. The U.S. should curtail current USAID programs in semi-authoritarian and authoritarian regimes like Azerbaijan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan. None of these countries has real politics, a viable opposition, a vibrant civil society, an independent press, or free and fair elections, nor are they likely to in the foreseeable future.

USAID should fund programs only in countries that Freedom House ranks as "partly free" according to its annual *Freedom in the World* index. First published in 1973, *Freedom in the World* is a widely referenced index. *Freedom in the World's* methodology is rigorous, with country-experts providing quantitative evaluations of the state of political rights and civil liberties in countries along with a qualitative narrative describing major trends over the year the study covers. The index is so highly regarded that the Millennium Challenge Corporation (MCC) uses *Freedom in the World's* scores as one of its selection indicators to determine country eligibility for MCC assistance.¹⁸

Triage—the allocation of resources according to strict criteria of priorities—makes sense in a resource-constrained environment. The 10 Eastern European members of the European Union have already realized the need to be strategic in their giving priorities. The Eastern EU members do not spread their extremely limited democracy

[112srpt172.pdf](#)

¹⁶ *Ibid.*

¹⁷ It should be noted that the International Republican Institute wisely closed its offices and programs in Azerbaijan and Kazakhstan after concluding that there wasn't sufficient political space to operate. IRI tends to be far more pragmatic and strategic than NDI. NDI, for instance, is the only Western-funded NGO still on the ground in Uzbekistan. All other U.S. and European NGOs left in 2005 after the Andijion massacre.

¹⁸ "Selection Indicators," Millennium Challenge Corporation. Available: <http://www.mcc.gov/pages/selection/indicators>

dollars thin—they put most of the money into Georgia, Moldova, Serbia and Ukraine, all countries where change is either underway or feasible.¹⁹ (Belarus is an admitted exception to this rule; the Eastern EU members support change there for historical and geographic reasons.) The Eastern EU members do not work in Central Asia, having reasonably concluded that a failure to hold regular and fair elections, high levels of corruption, closed media environment, murky judiciaries and elite disinterest in reform make these countries poor investments for scarce democracy dollars.

USAID—which distributes more than 85 percent of U.S. democracy dollars—does not apply the concept of triage to assistance, however.²⁰ USAID spent \$5.6 million through Development Alternatives, Inc. (DAI) from 2007 to 2011 attempting to “enhance the overall effectiveness” of the Parliament of Azerbaijan—a parliament that has never been freely elected. Every deputy in parliament is a member of the ruling *Yeni Azərbaycan Partiyası* (New Azerbaijan Party). Yet U.S. taxpayers paid for an orientation program for new members of the Azerbaijani parliament, all of whom were elected in 2010 parliamentary elections that the U.S. Embassy in Baku described as “not meet[ing] international standards.”²¹ The U.S. Embassy also noted the pre-election period’s lack of balanced media coverage, continued restrictions on freedoms of assembly and expression, and an unfair candidate registration process. U.S. Embassy staff spotted ballot box stuffing and other serious election violations.

In other words, the U.S. government found serious fault with the 2010 parliamentary elections and then trained the winners. USAID even paid for a new website to make the illegitimate parliament more efficient. A final assessment carried out by two outside experts found that the parliamentary program “did not change how the [Parliament of Azerbaijan] functions or how ordinary people in Azerbaijan relate to and understand the parliament.”²² After the orientation for members of parliament, they “may be better prepared to do their jobs, [but] there is little debate in the [Parliament of Azerbaijan], indicating that the [Parliamentary Program of Azerbaijan] has not changed the core characteristics of the parliament.”²³

Since Azerbaijan’s independence in 1991, USAID has spent more than \$55 million on programs to make the country more democratic.²⁴ Meanwhile, the Aliyev family has governed since 1993, passing the baton from father to son. The regime has jailed young people for making satirical videos, made it increasingly difficult for NGOs to operate, imprisoned hundreds of religious believers it has branded as “extremists,” and failed to hold a single election that met international standards.²⁵

In spite of the country’s obvious negative trajectory and resistance to reform, the U.S. government continues to operate and authorize new multi-million dollar democracy programs in Azerbaijan. In August 2012, USAID issued a \$1.5 million call for the Azerbaijan Rights Consortium Project, which would “enable key civil society organizations to better respond to President Aliyev’s vision and to calls for more meaningful state and civil society partnerships fulfilling the government’s commitments to various international human rights instruments.”²⁶ The idea of U.S.

¹⁹ Petrova, Tsveta. *The New Role of Central and Eastern Europe in International Democracy Support*, Washington, DC: Carnegie Endowment for International Peace, p. 12. Available: http://carnegieendowment.org/files/east_eur_democracy.pdf

²⁰ Of the \$2.25 billion the U.S. government spent on democracy programs in 2008, 87 percent was allocated to USAID. *Democracy Assistance: U.S. Agencies Take Steps to Coordinate International Programs but Lack Information on Some U.S.-funded Activities*, U.S. Government Accountability Office, GAO 09-993, September 2009, p. 14.

²¹ “Statement by Philip J. Crowley, Spokesman, Assistant Secretary of State for Public Affairs,” Embassy of the United States to Azerbaijan, 8 November 2010. Available: http://azerbaijan.usembassy.gov/pr_110810.html

²² Mitchell, Lincoln and Rashad Shirinov, “Parliamentary Program of Azerbaijan Evaluation: Final Report,” July 2011, USAID Azerbaijan, p. 7. Available:

<http://www.democracyinternational.com/sites/default/files/Azerbaijan%20Parliamentary%20Programs%20Evaluation%20Final%20Report.pdf>

²³ *Ibid.*

²⁴ “USAID/Azerbaijan – Our Programs: Past Projects,” USAID Azerbaijan. Available: <http://azerbaijan.usaid.gov/node/86>

²⁵ Azerbaijan has held one clean election, in 1992, that brought Abulfaz Elchibey to power albeit briefly. Svante Cornell described the 1992 election as “one of the freest elections in the post-Soviet sphere,” although the fairness of the 1992 election was partly a result of a law that prevented persons from over the age of 65 from running for president. The law was undoubtedly meant to prevent Heydar Aliyev from running again. Cornell, Svante E., “Democratization Falters in Azerbaijan,” *Journal of Democracy*, 12.2, April 2001, p 119.

²⁶ “USAID/Caucasus Request for Applications (RFA) No. 112-12-000002. Azerbaijan Rights Consortium (ARC) Project,” USAID Caucasus, 21 June 2012.

taxpayer dollars going to implement the supposedly democratic “vision” of Azerbaijan's authoritarian president is deeply troubling.

In Turkmenistan, a regular denizen of Freedom House’s “Worst of the Worst” list of most repressive countries, USAID through the for-profit QED Group seeks to strengthen governance policies and practices. The program promises to “increase knowledge of effective governance practices, increase the practice of inclusive dialogue and information sharing, and assist the government to better develop and implement legislation and policies.”²⁷ This language might be appropriate for a country with a freely elected parliament that is independent of the executive, but Turkmenistan has never held elections that meet international standards and its leadership does not appear to have any inclination to do so in the foreseeable future.

In Kazakhstan, USAID, working through a contractor, seeks to “increase the capacity” of Kazakhstan’s leading civil society organizations so that they might better represent their constituents’ interests to the government.²⁸ The design of the program presumes that Kazakhstan has a parliament that derives its legitimacy from constituents who have an opportunity to “throw the bums out” every few years. Kazakhstan does indeed have a parliament and regular elections, but international bodies such as the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights consistently find fault with them.²⁹ The Kazakh election authorities routinely prevent opposition candidates from registering. There are indeed civil society organizations in Kazakhstan, many of whom do commendable work, but what incentive does the Government of Kazakhstan or its MPs have to listen to constituents and NGOs if an election can easily be easily manipulated? Under these circumstances, the concept of a “constituency” in Kazakhstan is highly problematic.

Also in Kazakhstan, USAID recently commissioned the National Democratic Institute to assess whether the new parliament might play a more important role in the political life of Kazakhstan.³⁰ USAID commissioned this project *after* Kazakhstan’s unsatisfactory parliamentary elections in January 2012, which the U.S. State Department acknowledged as falling “short of the international standards to which Kazakhstan has committed itself.”³¹ The experience of Kazakhstan’s 20 years of independence strongly suggests that the new parliament is unlikely to be given any independence by a president who has ruled with a firm grip and few gestures of reform since the fall of the Soviet Union.

In Uzbekistan, another regular on Freedom House’s “Worst of the Worst” list, USAID’s political party assistance program, implemented by the National Democratic Institute, claims to enhance “dialogue and communication between political parties and their constituents.”³² Since independence, Uzbekistan has been governed by a man who crushes dissent, boils his opponents in oil, and has decimated all signs of political life in the country. There are no opposition parties in Uzbekistan. It is difficult to grasp why it would be in the U.S. national interest to promote dialogue between *pro-government* political parties within Uzbekistan. As was the case in Kazakhstan, the language of the USAID program misconstrues the political system in Uzbekistan, where an absence of real elections translates into a lack of true “constituents” in the political system.

The NDI program also claims to “contribute to the familiarity of government and election officials with internationally recognized democratic principles and practices.” Members of the Uzbek parliament visited

²⁷The project is a \$2.5 million one. “Turkmenistan Governance Strengthening Project,” QED Group. Available: <http://www.qedgroupplc.com/project/turkmenistan-governance-strengthening-project>

²⁸ The cost of the program is \$1,750,000. “Kazakhstan Civil Society Strengthening Program,” USAID/Kazakhstan. Available: <http://centralasia.usaid.gov/kazakhstan/627>

²⁹ “Republic of Kazakhstan: Early Parliamentary Elections 15 January 2012. OSCE/ODIHR Election Observation Mission Final Report,” Warsaw: 3 April 2012. Available: <http://www.osce.org/odihr/elections/89401> “Republic of Kazakhstan: Early Presidential Election 3 April 2011. OSCE/ODIHR Election Observation Mission Final Report,” Warsaw: 16 June 2011. Available: <http://www.osce.org/odihr/elections/78714>

³⁰ The cost of the program is \$300,000. “Governance Institutions Initiative,” USAID Kazakhstan. Available: <http://centralasia.usaidallnet.gov/kazakhstan/1164>

³¹ “Parliamentary Elections in Kazakhstan” U.S. Department of State, Office of the Spokesman, 16 January 2012. Available: <http://kazakhstan.usembassy.gov/st-01-17-12.html>

³²This program is a \$1.32 million program. “Political and Civil Development,” USAID Uzbekistan. Available: <http://centralasia.usaidallnet.gov/uzbekistan/355>

Washington, DC,³³ and the North Carolina State Legislature in April 2012.³⁴ Even if this illegitimate parliament were open to learning “internationally recognized democratic principles and practices,” what they could learn in North Carolina was not applicable to the Uzbek context. The rules and customs that govern the parliament of Uzbekistan and the North Carolina General Assembly are so fundamentally different that is hard to imagine what of use could come from comparing the two.

As Thomas Carothers, a leading scholar of democracy assistance, has observed, “Most study tours...serve little purpose beyond relationship building. In far too many cases, the wrong participants are selected (because they speak English, or because the party leader owes them a favor), the tour is a grab-bag of superficial meetings in which people in the host country who know little about the visitors’ specific context give generic presentations on ‘how things work here,’ and the participants devote their primary attention to meals and finding opportunities to shop using their travel per diem.”³⁵

Why, then, does USAID continue to fund misguided programs in authoritarian and semi-authoritarian countries that display no interest in reform? The reason is as banal as it is galling—bureaucratic self-interest, inertia and the assumption that more is always better. We can end the waste with a strategic approach to programs and an emphasis on triage, allocating more money where there is a greater chance of real change, not just spending wherever there is a mandate and a mechanism to do so.

The aforementioned USAID programs in Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan never should have been approved. If the U.S. government discontinued these and other programs like them in similarly unpromising environments, nothing would change in those countries; the only negative consequence would be for the democracy bureaucracy and its employees. Scarce U.S. dollars to promote democracy should go toward countries where real and genuine progress is possible, such as Georgia and Tunisia.

V. End Noncompetitive Mechanisms For Assistance

Democracy is an inherently competitive system, but the democracy bureaucracy has allowed itself to fall into a number of non-competitive practices that have had negative consequences. All implementers, regardless of their for-profit or non-profit status, should have to compete, and non-competitive mechanisms for awarding program funds should be phased out.

USAID is a large, slow bureaucracy that takes months to start programs and allocate funds. Recognizing its own need to respond to changing political circumstances in a more expeditious manner, in 1995 USAID formed the Consortium for Elections and Political Processes Strengthening (CEPPS), which includes the [National Democratic Institute](#), the [International Republican Institute](#) and the [International Foundation for Electoral Systems](#). The consortium accelerates USAID’s response time by circumventing what is normally a competitive application process for program funds. While the intent behind the consortium may have been a noble one, these three organizations have not felt sufficient pressure to develop effective and innovative programs because the CEPPS mechanism guarantees them million-dollar awards without real competition.

USAID has internally discussed ending the CEPPS mechanism, according to some development professionals, but the unhealthy lack of competition has already taken its toll. When IRI, NDI and IFES compete, they often lose to contractors or other non-profits. In El Salvador, the for-profit contractor Democracy International beat IFES for a program to provide technical assistance to the election commission.³⁶

Noncompetitive bidding is also present in the for-profit world. In a non-competitive bid that many practitioners

³³ “Current Developments in Uzbekistan’s Parliament,” Carnegie Endowment for International Peace, 26 April 2012. Available: <http://carnegieendowment.org/2012/04/26/current-developments-in-uzbekistan-s-parliament/acih>

³⁴ “Uzbek Parliamentarians Visit Raleigh,” 24 April 2012. International Affairs Council. Available: <http://iacnc.org/blog/?p=421>

³⁵ Carothers, Thomas. *Confronting the Weakest Link: Aiding Political Parties in New Democracies*, Washington, DC: Carnegie Endowment for International Peace, 2006, p. 122.

³⁶ “DI Launches New Elections Program in El Salvador,” Democracy International. Available: <http://www.democracyinternational.com/news/di-launches-new-elections-program-el-salvador> “Technical Assistance to the 2012 El Salvador Legislative and Municipal Elections,” Democracy International. Available: <http://www.democracyinternational.com/category/country-region/latin-america-and-caribbean/el-salvador>

described as “raising questions,” USAID selected Development Alternatives, Inc. (DAI), another for-profit implementer, to carry out a parliamentary strengthening program in Kyrgyzstan, a country where DAI had no prior experience.³⁷

Transparency is a vital aspect of competition. Congress can encourage the democracy bureaucracy to become more transparent. The NED discloses to whom it give funds, the amount of the grant and a general description of the program, unlike many USAID implementers. Funded proposals including detailed budgets, quarterly reports, final reports and evaluations for USAID-funded programs in countries ranked “partly free” or better should be publicly available on a website administered by the Government Accountability Office. A separate, more secure protocol should exist for storing and sharing information about programs in repressive regimes, where activists often face reprisals.

VI. Conclusions & Policy Recommendations

To sum up, the promotion of democracy is an important tool for advancing universal values and U.S. interests, but the democracy bureaucracy is in need of reform. In a time of declining budgets, it makes sense to use scarce resources as strategically as possible. The division of labor in the democracy-promotion community between field-office and grant-making institutions points the way to a more effective way of coordinating our efforts.

USAID programs that are executed through field-based institutions like the National Democratic Institute and International Republican Institute should be focused primarily on countries that are already on the road to reform or at least show significant potential for reform. Only grant-making institutions like the National Endowment for Democracy, which does not maintain field offices and is thus less vulnerable to pressure from authoritarian regimes, should operate in countries ranked by Freedom House as “not free.” The field-office approach is better suited to work in “partly free” countries.

The National Endowment for Democracy is our most flexible tool for working in tough authoritarian regimes. It deserves support, but too great an infusion of funds could have a negative impact on its effectiveness.³⁸ A modest 20-percent increase to its current budget, spread over the next 10 years in small annual additions intended mainly to keep pace with inflation, would be appropriate. To ensure that the NED’s four core institutes maintain political creativity, increases in the NED budget should not result in automatic increases to the NED’s core institutes.

Competition and transparency are integral democratic values. USAID should end non-competitive bidding, including the CEPPS mechanism, and non-competitive bidding in contracting. Successful proposals including detailed budgets, quarterly reports, final reports and evaluations for USAID-funded programs in countries ranked “partly free” should be publicly available on a single website that Congress, scholars and citizens can monitor.

Democracy promotion is a noble endeavor, but it requires more than simply injecting funds into closed societies in the hope that assistance will eventually transform them into robust democracies. Hope and change are fine political slogans, but insufficient if we are, as President Ronald Reagan succinctly put it, to “stand...with all those who love freedom and yearn for democracy, wherever they might be.”

(Editor’s Note: In the interest of full disclosure, we note that FPRI received funds in the 1980s and 1990s from NED, USAID, and Pew Charitable Trusts for democracy promotion activities. These activities included publication of a Romanian-language journal with essays by exiles or dissidents, circulated within Romania from 1987 to 1993; cooperation with a think tank in Czechoslovakia; and a lecture series on democracy and development.)

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³⁷ “Kyrgyzstan Parliamentary Strengthening Program,” Available: <http://centralasia.usaid.gov/kyrgyzstan/328>

³⁸ Carothers, Thomas. *Revitalizing Democracy Assistance: The Challenge of USAID*, Washington: Carnegie Endowment for International Peace: 2009, p. 46.