

THE FOUNDATION FOR THE FUTURE

EXECUTIVE SUMMARY

On the surface, the “Foundation for the Future” appears to be a moderately ineffective attempt by the administration of US President George W. Bush to promote democracy in the Middle East. Upon closer inspection, however, the Foundation tells a story about the less presentable side of Bush-era politics in the region: the high-level cronyism surrounding the Iraq War, crude self-dealing, the invention of ‘grassroots’ organizations, and an affair. Its characters include Iraq War architect Paul Wolfowitz, his partner Shaha Riza, then-State Department official Liz Cheney, then-Secretary of State Condoleezza Rice, retired Supreme Court Justice Sandra Day O’Connor, and Senator Mitch McConnell.¹

The Foundation for the Future first became an issue of public interest inquiry in 2007, after the Government Accountability Project (GAP) received the payroll records of Shaha Riza from a whistleblower. These records showed that Riza, a British national who worked as a World Bank communications officer prior to Wolfowitz’s presidency, was seconded to the State Department after Wolfowitz was appointed, where she received salary raises far in excess of what Bank rules allow. When detailed from the World Bank to the State Department, Riza – who was, at the time, earning far more than Secretary of State Condoleezza Rice – was charged with establishing the Foundation for the Future (FFF), a nonprofit organization with a focus on grant-making in support of democracy and reform in the Broader Middle East and North Africa (BMENA) region. In October 2006, Riza was seconded to the FFF itself, where she remained until returning to the Bank in early 2008, after Wolfowitz was forced to resign for his role in arranging her salary increases.

Because little information was publicly available about Riza’s activities at the Foundation for the Future, GAP filed a Freedom of Information Act (FOIA) request in May 2007. The documents released by the Department of State (DOS) show that Liz Cheney, as Deputy Assistant Secretary of State for Near Eastern Affairs, envisioned Riza’s secondment to the FFF in May 2005, well before it was established and before Paul Wolfowitz became President of the Bank. The documents also show that the FFF – which was announced at the November 2005 Forum for the Future meeting at the behest of Liz Cheney – was presented to funders, including the US Congress, as a cornerstone of Bush’s “freedom agenda” to spread democracy in the Middle East. The Foundation was to demonstrate the administration’s purported commitment to democratic processes and human rights abroad, at a time when President Bush was subjected to increasing criticism for human rights violations in Iraq, Afghanistan, “black sites” around the world and Guantánamo Bay.

¹ The report is in large measure based on documents obtained by GAP, a US nonpartisan, nonprofit public interest organization, through a Freedom of Information Act request filed with the US Department of State for records pertaining to the Foundation for the Future. The release of some of the documents cited in this report was delayed for nearly 34 months. Ultimately, the State Department released 182 documents in full and 85 in part. To date, however, the Department is withholding 53 responsive documents in full, many of which appear to be inappropriately withheld.

Although the DOS portrayed the Foundation as a “great multilateral effort” supported by BMENA, Group of Eight (G8) countries and civil society, in reality the State Department was heavily involved in its day-to-day operations from the beginning and other donor countries’ support for the effort was tepid, at best. In short, the Foundation was neither multilateral nor non-governmental. In fact, it was primarily a unilateral initiative almost entirely financed and monitored by the US government.

In 2005, when the idea of the Foundation was first conceived, the State Department relentlessly importuned its counterpart ministries abroad for financial support for the Foundation. Officials at the highest levels of the Department, including the Secretary of State, pressured foreign governments and the US Congress to allocate funds to the FFF. In addition, they executed a number of dubious legislative maneuvers in the US Congress that were favorable to the FFF. In the end, the administration successfully obtained a disbursement of \$21.3 million for the FFF as well as another \$921,064 for the Eurasia Foundation – a non-profit organization set up by the State Department in the 1990s to promote democracy in the former Soviet Union – to help establish it.

It appears that in order to obtain this disbursement the State Department deliberately misled the US Congress about the funding pledged to the FFF by other countries. Evidence strongly suggests that section 534(k) of US Public Law 109-102, which stipulated that funds could only be made available to the Foundation to the extent that they had been matched by contributions from other governments, was violated; the Foundation’s own reports show that less than \$6.4 million of the \$22.26 million in “matching funds” listed by the State Department in its communications with Congress as pledged ever materialized.

Especially suspicious was a putative USD \$10 million pledge from Qatar, the largest pledge of any country other than the United States. The State Department told Congress that this amount was pledged by Qatar, but the FFF’s own annual reports are silent about the pledge, which never materialized. Subsequent communications suggest that the pledge was contingent upon the establishment of the Foundation’s headquarters in Doha, a decision that the foundation’s board never seriously entertained. In the end, the government of Qatar apparently donated \$10 million in question to The Arab Foundation for Democracy (AFD), a rival multi-lateral foundation launched after Wolfowitz resigned from the World Bank, and soon thereafter the State Department commitment to the FFF appeared to wane.

The formation of AFD demonstrated US allies’ lack of commitment and confidence in the FFF, as well as the failure of the Bush administration’s diplomacy efforts in this regard. High-level State Department officials, including Condoleezza Rice and Liz Cheney, solicited contributions to the FFF from numerous countries so that the organization would be perceived as a multilateral effort. In doing so, however, the Department failed to effectively address concerns raised by other governments – such as Yemen – and civil society organizations regarding the FFF’s independence, board selection process and lack of regional support.

Records also suggest that management of the Foundation for the Future misled the US Internal Revenue Service (IRS). The FFF's financial statements for 2006 and 2007 state that the Foundation did not attempt to influence national legislation, a statement that is contradicted by the cables and reports pertaining to the establishment and subsequent operation of the FFF.² These documents suggest that several Foundation representatives – including Board Member Sandra Day O'Connor – actively lobbied the US Congress in 2006-07 for legislative changes favorable to the FFF. In effect, the activities of the FFF were rife with explicit lobbying Congressional efforts that used the personal contacts and influence of people connected to the Foundation.

It also appears that there was not an open competition for the grant to establish the Foundation for the Future, as documents released by the State Department did not yield a public request for proposals. Although the State Department failed to release an itemized accounting of how U.S. taxpayer funds awarded to the Eurasia Foundation to establish the FFF were spent, available documents show generous travel allowances and salaries for the office of Shaha Riza, whose nebulous duties did not seem to require such lavish financial support.

Although the Bush presidency has ended and the Bush inner circle has departed from the FFF, the Foundation continues to benefit from the \$21.3 million in U.S. taxpayer dollars that it received. U.S. funds help pay the salaries of the FFF's 23 employees, which include a "liaison officer for Iraq." They also helped finance the approximately 75 grants that the Foundation has made in the region, including six grants in Iraq. But the activities of the Foundation may be curtailed shortly; at its current expenditure rate, the FFF will be insolvent in approximately 4 years unless it receives additional contributions.

Numerous questions about the FFF remain unanswered, and findings presented here indicate five necessary investigative steps. First, the US Congress should investigate potential Department of State violations of the matching funds requirement in Section 534(k) of Public Law 109-102 occasioned by the deliberate misrepresentation of contributions to the Foundation from other governments. Secondly, the US Congress should review the Foundation's operations and past activities before providing it with additional contributions. Third, the Inspector General of the US State Department should explore the legality of Shaha Riza's secondment to the State Department and then to the FFF. It now appears that the US government lacks adequate regulation of the secondment of employees from international organizations. Fourth, the IRS should investigate the representation made by the FFF denying that it engaged in lobbying in 2006 and 2007. Finally, the protracted battle over documents related to the FFF, a publicly funded organization, strongly indicates that the Office of Government Information Services must evaluate the State Department's compliance with the FOIA law, especially the extent to which the Department abused the law by inappropriately withholding documents.

² Documents obtained from the US Department of State through the Freedom of Information Act.