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# The role of external actors in the Arab transitions

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**>>** The role of external actors in the Arab transitions will be conditioned by the particularities of the Middle East and North Africa (MENA). It is well known that emancipation is a key leitmotif of these transitions and what support the West has offered has been met with understandable hesitancy and suspicion. It is also clear that international actors are unwilling or unable to provide the kind of prolonged financial and political support that was so helpful in encouraging and accelerating Eastern Europe's political and economic reforms. Western ambivalence about whether transitions in the Arab world will serve its interests in the region, combined with the effects of the economic crises, have tempered its response and precluded the mobilization of large-scale resources. Transitions in the MENA will therefore be determined by domestic factors, rather than external actors. The transitions will also be rendered more difficult by a precarious socioeconomic situation and, in some cases, religious and ethnic cleavages. Having to navigate political and economic reforms simultaneously will be a major challenge.

Nevertheless, external actors can support or undermine an indigenous process. Drawing conclusions from the role of external actors in past transitions can therefore prove a useful exercise. Past experience suggests that transitions can be expected to last at least 10 to 15 years and will be messy and uneven processes where the desired outcome is far from guaranteed. There is a wide range of scenarios within which external actors intervene in political transitions. At one end of the spectrum, Eastern European states actively courted external aid, knew what their end-goal was and had a consolidated opposition. At the other end, today's Arab states in transition have been reluctant to accept aid from certain

## HIGHLIGHTS

- Although transitions in the MENA will be determined by domestic factors, drawing conclusions from the role of external actors in past transitions can be useful.
- Despite Western regret for the tacit support provided to the deposed autocrats, policy adjustments do not reflect a qualitative change of paradigm.
- The key to successful external support will be tailoring policies to each state, supporting domestically driven processes and committing for the long term.

»»»»» actors, have no regional model to aspire to and lack a united opposition. While external actors were caught by surprise by the 2011 uprisings in the Arab world, they still have time to learn from past transition experiences to make their interventions and support for the transitions more effective.

### **EXTERNAL ACTORS IN MENA TRANSITIONS**

The international community has been keen to show its support to the 2011 uprisings and the ensuing transitions in a number of ways.

In terms of multilateral cooperation, under the 'Deauville Initiative', the international community pledged \$38 billion in financing to Tunisia, Egypt, Morocco and Jordan over 2011-13. The International Monetary Fund (IMF) promised a further \$35 billion to countries affected by Arab Spring unrest. However, much of the assistance pledged has yet to materialise. More a statement of support than a firm commitment, many of the funds take the form of investments or loans, rather than grants.

The European Union (EU) responded to the Arab Spring with a broad range of tools, including humanitarian assistance, revised policy programmes, sanctions, military intervention and diplomacy. A new programme, 'SPRING' (Support for Partnership, Reform and Inclusive Growth), was put in place to organize additional financial resources of €350 million for 2011-2012. New tools to support reform include a €22 million Civil Society Facility, and a yet-to-be established European Endowment for Democracy. The EU has attempted to embed political reform within broader socio-economic development. It has also established country task forces to co-ordinate support by donors. The first task forces have visited Tunisia and Jordan and a third one is expected to visit Egypt after the presidential elections. The European Neighbourhood Policy (ENP), as revised post-uprisings, includes a more refined positive conditionality, offering 'money, market access and mobility' as

incentives. Despite traditional member state reluctance, the EU is demonstrating much greater readiness to negotiate on trade and mobility issues. The European Commission has a mandate to start negotiations to establish deep and comprehensive free trade areas with Egypt, Jordan, Morocco and Tunisia with a view to eventually including them in the common market. Negotiations on 'mobility partnerships' involving some form of visa-facilitation are being held in parallel.

The US Department of State has created a new 'Office of Middle East Transitions' to coordinate assistance to transition countries. The budget request for aid for the Arab Spring countries in the 2013 budget is \$800 million, the bulk of which is to be directed towards a new 'Middle East and North Africa Incentive Fund'. The fund will build on other programmes, including up to \$2 billion in regional Overseas Private Investment Corporation financing and Enterprise Funds to promote private sector development modelled on those that supported transitions in Eastern Europe. The Middle East Partnership Initiative, the principal contributor to the overall non-security assistance, is providing funds towards electoral support, civil society, political parties, judicial reform and the media.

In addition to development cooperation, both the US and the EU have tried to exert influence by diplomatic means. For example, US political pressure was used not only in the run-up to Mubarak's fall, but also more recently in the case of the lawsuits brought against a number of international and local NGOs in Egypt. Negotiations between the US government and the Supreme Council of the Armed Forces (SCAF) secured the lifting of travel bans on American NGO employees. A few weeks later the Obama administration decided to resume its \$1.3 billion in annual military aid to Egypt, bypassing congressional requirements for certification of the country's progress towards democracy.

Much of the support provided by external actors is defined by their strategic interests in the area.

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Driven by their concern over the precarious security balance in the region, the EU and the US want to ensure that Egypt and Jordan commit to existing peace treaties with Israel and that they align with Western positions on Iran and Syria. They also want to avoid disruptions in the Suez Canal that may affect oil transport. In the same way as this led them to tacitly support Mubarak in the past, it will now require their engagement with the newly elected Islamist governments.

Beyond Western state actors, the Gulf States are also important lenders to the region. They respond to interests which include preserving political leverage, containing the spread of revolution, countering Iran and commercial pragmatism. So far, Saudi Arabia has pledged \$4 billion to Egypt, the UEA and Kuwait have each pledged \$3 billion and Qatar

has pledged \$10 billion. The bulk of these funds are for investments and project finance. So far only \$500 million has been disbursed by Saudi Arabia and Qatar.

International Financial institutions play an important role, not only in terms of the funds they disburse but also in terms of the implied guarantees they provide that lead to

credit from other donors. While Tunisia has not yet requested an IMF loan, Egypt is in need of a quick agreement with the IMF if it is to avert a currency crisis after the depletion of more than half its foreign currency reserves. Having turned down an IMF loan last year, Egypt retracted and is now discussing a \$3.2 billion facility over 18 months. The World Bank offered up to \$6 billion to support the transitions in Egypt and Tunisia. The European Bank for Reconstruction and Development's mandate has also been reoriented so that it can play the same role in supporting transitions in the

MENA that it played two decades ago in Eastern Europe. It can now invest annually up to €2.5 billion in Egypt, Tunisia, Jordan and Morocco.

On paper external actor support seems adequate but much will hinge on how this support is targeted and delivered. For this purpose it is instructive to draw some lessons from past transitions.

### LESSONS FROM PAST TRANSITIONS

External support for political reforms and transitions has evolved from a narrow focus on election monitoring in the 1980s to assistance in 'rule of law' issues such as reform of the judiciary. In Latin America, international interest in the justice sector in the 1980s was closely linked to the process of economic liberalisation. In the 1990s the emphasis shifted to support for civil society. This reflected donor interest in reducing the size and reach of the state and the realisation that public-sector reform is expensive and complex. But over the past decade, donors have begun to question the wisdom of marginalising the state in favour of supporting civil society as a parallel structure. The new emphasis among donors is to encourage state and civil society actors to work together. Most recently greater attention is being directed towards supporting political parties and parliaments, although international assistance to political parties is not new. The German political party foundations, such as the Konrad Adenauer Stiftung and the Friedrich Ebert Stiftung, have been active in this arena since to the 1960s. In addition, in the last decade, multilateral aid agencies like the World Bank and the United Nations system have been emphasising integral processes which include links to the Millennium Development Goals and Poverty Reduction Strategy processes.

Some of the most common pitfalls experienced during the lengthy history of external aid are summarised below.

**Treating the symptoms while ignoring the root causes:** Often, external actors assume that the reintroduction of democratic institutions, mul-

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**The new governments are under pressure to deliver quickly even though they have limited resources with which to manoeuvre**

»»»»» tiparty systems or a reformist government will be sufficient to carry forth a transition. In fact, outward changes in form do not necessarily reflect deeper structural changes. In Ukraine and Georgia, too much hope was placed in the new pro-western governments which were showered with money without any accountability. But in Georgia, little has actually been achieved since the departure of Shevardnadze, and in Ukraine, the government failed to implement most of the reforms it committed to on paper.

**Functionalist approaches:** A functionalist understanding of ‘the state’ as a set of institutions that can be delivered like a product, using certain principles of institutional design, can lead external actors to focus on issues that seem to lend themselves to relatively easy implementation by applying supposedly technocratic practices. This approach ignores the fact that state-building is not simply a technical exercise, limited to enhancing the capacities and effectiveness of state institutions. Rather, it is a political enterprise which involves serious political conflicts as existing distributions of power are threatened. In Romania, Serbia and Ukraine, modernizing courts and improving the efficiency of case management encountered little opposition from national governments, but the strengthening of judicial independence through the removal of executive control of appointments or the finality of judgements met with strong resistance.

The lack of attention to the social, economic, historical and local context in which transitions are taking place has been particularly marked on the African continent. This was the case in sub-Saharan Africa where donors channelled assistance to strengthen the electoral process, parliaments, the judicial system and local government, yet there were constant reversals or stalled transitions. In fact, continued aid disbursements enabled governments to maintain a strong degree of top-down control over the political process through patronage politics.

**Undermining local ownership:** External actors risk playing too active a role and thus undermining local ownership. For example, external actors often

push for elections too rapidly in their haste to see a legitimising process for the national leadership. But if elections are held before opposition parties are well organised, media coverage is balanced, and electoral commissions are ready, early elections will likely benefit the incumbents. Too much external involvement can also negatively affect the legitimacy of domestic actors and make them vulnerable to accusations of encouraging undue foreign interference. Lack of ownership was a major obstacle to justice sector reform in some countries in Latin America. Likewise, Eastern Europe suffered from the tendency to adopt laws from other systems, without adaptation to the local legal culture. In Ukraine donors learnt to make aid to the government more effective by working on institutional reforms only when a specific window of opportunity or a demand from the government appeared. In the economic context the impetus for reform should also come from within. The blueprint structural adjustment policies and conditionality characteristic of the Washington Consensus have been superseded by a new paradigm of ‘effective aid’ that is founded on a discourse of country-led ownership, partnership and co-responsibility.

**Short-termism:** Reform efforts that are insufficiently funded or of limited duration and swings in funding are problematic. Transition processes are long-term and non-linear, requiring patience and willingness to accept setbacks. However, because of the pressure to show results external actors often focus on the short-term and shift policy direction. In Ukraine, donors switched support from civil society to government when reformists came to power. This proved to be a mistake as the government was not able to implement many of the reforms it committed to and civil society was weakened. In the post-1989 transitions external actors made available generous financial and technical assistance over long periods of up to two decades. This made it easier to implement reforms that were unpopular politically.

**Creating a democracy industry:** Weak institutions and economies can result in external actors contributing to the creation of a ‘democracy

industry', represented by capital-based civil society associations with weak ties to broader constituencies. Support for civil society that is not driven by local demand tends to create organisations that are often simply individuals adept at obtaining funds, but not necessarily helpful in promoting reform. This was the case in Ukraine, and was also characteristic of support for civil society in North Africa prior to the transitions, in particular in Egypt. Overall external actors should take into account how they affect the balance of power between the government and civil society. In sub-Saharan Africa, it is now generally recognised that the donor community is in fact part of the domestic political process, together with domestic governments and civil society associations.

### HOW ARE EXTERNAL ACTORS FARING SO FAR?

So far international actors in the MENA show signs of having internalised some of these lessons but not others.

Western actors are clearly encouraging local ownership of reforms. The EU has re-evaluated its prior policies towards the MENA, trying to make up for the tacit support it provided to the ruling autocrats. Since then, EU public diplomacy has been emphasising its 'listening mode'. Rather than set out a list of conditions to be met by the partner countries, it now aims to strengthen relations with those countries which ask for greater engagement with Brussels. Similarly, the US has labelled its new framework for bilateral cooperation with Tunisia the 'US-Tunisia Joint Political and Economic Partnership'. So far external actors have refrained from trying to push elections or constitutional processes through too quickly. Tunisia has demonstrated resolve in determining its own procedures and timings. In Egypt the US has resisted the urge to negotiate such issues with the SCAF to the detriment of institutional procedures and the elected government.

Despite public shows of repentance, actual changes in terms of policy and instruments do not

reflect a qualitative change of paradigm. There is still a tendency to ignore the root causes in favour of treating symptoms and to adopt functionalist approaches to aid. The US is the worst offender in this case. In Egypt, despite providing grants for electoral support, civil society, political parties, judicial reform and the media, the US undermines such work through its direct support for the military. It is well known that the persistence of elites, formal institutions, socioeconomic networks and political culture constructed under previous regimes translates into reform reluctant potential spoilers. External actors still need to learn that they should not bet on individual actors, but rather commit to supporting the state and its institutions. The EU also veers towards the functional in its allocation of different pockets of reform to different member states. For example in Yemen an informal division of labour is seeing the French lead on constitutional reform, the Germans on the national dialogue and the Americans on security. External actors still need to be wary of trying to sell ready made options or imposing any liberal or neoliberal agendas. The transition states will have to carve their own unique institutional designs, especially concerning issues such as the relationship between the state and religion or their economic model. The process of negotiating their own solutions will be long and erratic but external actors should take the back seat and provide support upon request.

It is too early to judge whether external actors will suffer from short-termism or commit for the long haul. Certainly the funds committed are not large enough to reflect a 'Marshall plan' type of approach as was suggested by some actors at the beginning of the transitions. In Yemen fear of instability led to support for an initiative that is already showing signs of fraying. By focusing on the removal of Saleh and papering over the need for more fundamental reforms, the international community might have simply bought itself some time. In addition international efforts, for example through the 'Deauville Initiative', are uncoordinated and piecemeal rather than responding to an overall strategy. There is some danger that the disorder and uncertainty of the post-revolutionary stage,

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»»»»» coupled with a lack of economic improvement, will make citizens yearn for stable authority. In order to address this risk in a timely manner, during this early period of change it is important to bridge the gap between expectations and resources. The new governments are under pressure to deliver quickly even though they have limited resources with which to manoeuvre. But any financial aid should be transparent and subject to parliamentary scrutiny in order to avoid corruption and cronyism. In addition, the transition processes should be as inclusive as possible. Addressing the needs and demands of stakeholders outside the political and economic capitals will be particularly important in the case of the MENA countries, where the rural population represents an important share of the total population and where important political,

cultural, social and economic cleavages between the centre and the periphery persist.

The key to successful external support will be tailoring policies to the specific circumstances of each state, support for domestically driven processes and commitment for the long term. A pragmatic approach based on common interests will provide a firmer base for relations than attempts to mould the emerging democracies in their own image.

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