



Experts from their own ranks

Conference paper by Christian-Peter Hanelt

Arab countries in transition (ACTs) are struggling to live up to their political, social and economic potential. On average ACTs face unemployment rates of around 20% and in most cases GDP growth does not match what labour markets demand. MENA countries' level of integration into the global economy remains disproportionately low, which becomes particularly evident with regard to the region's share in global trade and FDI inflows. However, when ACT governments turn to International Finance Institutions (IFI) to secure funds, they have to strike a delicate balance. On the one hand, they are requested to comply with policy requirements, which are meant to initiate structural reform and to consolidate national budgets. On the other hand, ACT governments fear that cuts in public expenditure will have a negative impact on public services, which in turn could provoke destabilising social unrest. Amid these socioeconomic tensions, civil society actors demand greater participation and representation in negotiations between IFI and their governments. To find common ground among these actors is a challenging – albeit pressing – task, which should ultimately lead to a more sustainable approach to conditionality. Defining all actors' expectations is a first step.

IFI and donor countries expect that ACT governments create the necessary conditions for sound economic policies. For donors this involves rooting out corruption, nepotism, and inefficiency, as well as liberalising and/or privatising heavily shielded sectors of the economy. Having realised that successful political transitions need bottom-up support, IFI and donor countries insist on more democratic inclusion of civil society actors. They expect that the political and economic elite, together with civil society actors of various political and social currents learn to compromise and to work towards mutual gains instead of reverting to zero-sum politics. However, in their own dealings with ACT governments IFI and donor countries have primarily relied on bilateral negotiations. If civil society were to play a larger role in defining policy requirements, the donor community would want to deal with reliable and accountable partners, which have the capacity to add constructively to policy dialogue and implementation.

Where a regime change has taken place, new governments expect signs of good will and concessions on part of the IFI and donor countries. By striking better deals they hope to set themselves apart from previous regimes. Where old regimes have remained in power, they expect the stabilisation of their rule in turn for political reforms, which ironically often leads to less civil society participation. Regardless of who is in power, governments in all ACTs expect relative autonomy in the disbursement of funds and generally favourable loan conditions. Both want to be viewed as partners rather than admiring pupils. Since agreements between IFI and ACT governments can entail fundamental changes to the economic and social fabric of their countries, civil society actors expect greater inclusion into the negotiations of the terms of agreements. More often than not, they are critical of the current development paradigm, which sees a causal link between economic liberalisation and political liberalisation and which gives austerity measures a higher priority than securing the extent of public services. More importantly, civil society expects greater transparency and accountability on part of their governments, when funds are actually disbursed.

What are ways forward? IFI/donor countries, ACT governments and civil society need to pay more attention to the deliberative process itself by identifying and adopting successful multi-stakeholder approaches. To avoid finger-pointing, the donor community could include civil society experts from other successful transition countries (e.g. Moldova) when pushing for more inclusion of civil society. IFI should appoint more experts originating from ACTs to their own ranks. They are able to provide crucial specialist knowledge on ACTs' political and economic cultures and are of help in identifying reliable partners. The IFI and G7 states should stay committed to fostering the integration of Islamic Finance and regional partners into existing frameworks. There is a mutual interest to make regional partners an integral and reputable part of the international donor community.

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