

# The Arab region: at the crossroad of development security and human rights

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The Millennium Summit in the year 2000 set out a global development plan based on a set of Millennium Development Goals (MDGs), which countries worldwide committed to achieving. The International Conference on Financing for Development (Monterrey, 2002) was convened for the purposes of looking into mechanisms to finance this development process. It resulted in the Monterrey Consensus, which highlighted several key issues, including: points of action for mobilizing domestic financial resources; mobilizing international resources for development, including foreign direct investment; addressing international trade flows as an engine for development; increasing international financial and technical cooperation; addressing issues of external debt; and addressing the coherence and consistency of the international monetary, financial, and trading systems. Later, during the UN World Summit held in September 2005, donor countries renewed their commitment to improve aid effectiveness through harmonization of procedures and alignment of aid with developing countries' priorities, and to scale up development assistance aimed at building national capacities (such as "aid for trade"), prioritizing the least developed countries (LDCs) and countries hit by crises and the HIV/AIDS pandemic.

However, two different viewpoints emerged among the developed and developing countries in their approach to the issues under discussion. The developed countries promoted a link between more aid and trade liberalization policies, while the developing countries stressed the need for more unconditional aid. Their major concern was the increase in conditionalities imposed by the World Bank and the International Monetary Fund (IMF) through aid flows. As a consequence, the pledge made by the developed countries at the 6th World Trade Organization (WTO) Ministerial Meeting in Hong Kong (December 2005) for an aid for trade package for the LDCs was highly questioned. Developing countries expressed their concern that this package would significantly constrain them in the negotiation process. They were also concerned that this aid would be administered through the international financial institutions, which would allow for even more conditionalities to be imposed on them through these institutions.

The core challenge is to restructure the flow of aid and its management by increasing the linkages between aid and human development needs. By enhancing these linkages and the efficiency of the mechanisms used, aid will be more responsive to national needs, and governments will be more accountable for the expected results of aid flows.

It is worth noting that aid and debt have been tackled by the MDGs through targets 13 and 15, which fall under Goal 8: develop a global partnership for development. Target 13 is aimed at addressing the special needs of the LDCs, which includes tariff- and quota-free access for LDCs' exports; enhancing the programme of debt relief for Heavily Indebted Poor Countries (HIPC) and the cancellation of official bilateral debt; and making available more generous official development aid (ODA) for countries committed to poverty reduction. Target 15 calls for dealing comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. These items draw a connection between the international development framework and the debate around aid and debt, but the targets do not address several key points in the aid issue. When discussing more generous aid for countries committed to poverty eradication, there is no clarification as to the specific poverty reduction strategies envisioned. Does it refer to strategies based on the approach of the international financial institutions and used to exert pressure on developing countries, or to strategies based on genuine national goals and needs? There is also no clarification or guidance as to the kind of national and international measures that may be considered as linked to debt sustainability. This ambiguity allows developed nations and international institutions to continue linking debt alleviation to other constraining measures, such as enforcing economic liberalization, privatization, and other structural adjustment measures.

One of the main challenges facing aid efficiency is that aid flows are highly linked to international political considerations. Donors' pledges are not consistent from year to year and fluctuate greatly based on political factors and emerging priorities. Moreover, aid cannot be viewed in isolation from the conditions imposed by the international trading system and developed nations' foreign policies. Developed nations and international institutions give with one hand – aid – and take with another – the costs of forced integration in the international trading system. This creates an aid system that is superficial at best and manipulative at worst. All of these factors have resulted in the failure by most

developed countries to meet their pledge to commit 0.7% of their gross domestic product (GDP) to ODA, a promise that dates back to the 1970s.<sup>2</sup> According to figures from the Organization for Economic Cooperation and Development (OECD), in 2005 the US allocated just slightly more than 0.2% of its GDP or USD 27.5 billion to ODA. Only the Netherlands, Norway, Sweden, Luxemburg, and Denmark surpassed the target of 0.7% of their GDP and reached 0.8% and beyond. Japan dedicated around 0.3% of GDP or USD 13.1 billion to ODA. Italy and Spain dedicated the same percentage, which amounted to USD 5.1 billion and USD 3.1 billion respectively. France and the United Kingdom came closer to 0.5% of their GDP, representing USD 10.1 billion and USD 10.8 billion respectively.

## US and EU aid policy towards the region

The International Conference on Financing for Development took place at a time when numerous considerations in the global and regional policy-making process and on the economic, political, and security fronts were being rearranged, following the terrorist attacks of 11 September 2001. In fact, it was noted in the Monterrey Consensus that after the attacks of 9/11, "it is more urgent to enhance collaboration among all stakeholders to promote sustainable economic growth and to address long-term challenges of financing for development." The UN General Assembly, gathering on 16 November 2001, in the aftermath of the 9/11 attacks, concluded that terrorism must be addressed in parallel with poverty, underdevelopment, and inequality.<sup>3</sup>

In this context, the Arab region has been the subject of heightened international attention, especially from the US and the EU. Various initiatives have been proposed as solutions or gateways for change and democratization in the region. The perception has emerged that terrorism threats are rooted in radical Islamic movements that are entrenched in the Arab region. The high influence of these movements has been attributed to a lack of good governance and democracy, as well as weak developmental conditions and high levels of poverty.

Accordingly, the US and EU policies focusing on democracy in the Arab region have clearly adopted "the idea of using development assistance

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<sup>2</sup> The donor governments promised to spend 0.7% of gross national income on ODA at the UN General Assembly in 1970 (*UN General Assembly Resolution 2626*), over 35 years ago. The deadline for reaching that target was the mid-1970s.

<sup>3</sup> The 56<sup>th</sup> UN General Assembly Plenary, 57<sup>th</sup> Meeting (PM), press release GA/9971, <[www.un.org/news/Press/docs/2001/ga9971.doc.htm](http://www.un.org/news/Press/docs/2001/ga9971.doc.htm)>.

as a foreign policy tool.<sup>4</sup> Yet, in disregard of the Millennium Declaration adopted by 189 heads of state in September 2000, both the US and the EU ignore the need to interrelate peace and security along with democracy and poverty eradication. Their initiatives call for peace building and peaceful conflict resolution, yet at the same time, they practice and support foreign occupation of land, expansion of military bases, and consistent double standards in the implementation of international laws and resolutions related to the rights of citizens in the Arab region, whether in Palestine, Iraq, or Arab countries with foreign military bases. As a result, the policies they have established to confront terrorism and promote development and democracy in the Arab region do not touch on one of the main factors behind the rise of terrorism: the feelings of humiliation and hatred that some citizens of this region have accumulated due to the above-mentioned practices.

In February 2002, the US Senate resolved that “the United States foreign assistance programmes should play an important role in the global fight against terrorism to complement the national security objectives of the United States.”<sup>5</sup> During 2004, the US administration presented its new strategy entitled “The Greater Middle East Initiative”. The initiative was proposed as a tool for achieving political reform and facing Islamic fundamentalism, which was considered, according to the initiative itself, as the roots of increasing terrorism in the world. In addition, there were several European initiatives, including the EU “Strategic Partnership with the Mediterranean and the Middle East”, which is based on the Euro-Mediterranean partnership known as the Barcelona Process.<sup>6</sup>

The US presented its Greater Middle East Initiative at the 2004 Summit of the G-8 countries, where it was further developed as a result of scepticism and suggestions from the EU. The reformed initiative, now called the “Broader Middle East and North Africa Initiative”, included some new rhetoric. It referred to the Palestinian conflict and the occupation of Iraq as major problems that need immediate solutions. It also highlighted that democratization cannot be a process imposed from abroad, but rather, it needs to be an internal dynamic taking into consideration local participation and reflecting local needs and cultural aspects. For its part, the EU initiative was further developed into the “European Neighbourhood Policy”, which was proposed in the framework of the EU enlargement of May 2004. This policy is supposed to be based on national action plans covering a number of key areas

for specific action: political dialogue and reform; trade and measures preparing partners for gradually obtaining a stake in the EU internal market; justice and domestic affairs; energy, transport, the information society, the environment and research and innovation; and social policy and people-to-people contacts. However, this rhetoric is still not reflected in efficient mechanisms in either of the initiatives.

It is worth noting that all these proposals and reform initiatives (the US initiative, the Euro-Mediterranean partnership initiative, and that of the G8 countries) included three main issues:

- The promotion of democracy and good governance (including topics such as free elections, parliamentary exchange, freedom of expression and independent media initiatives, freedom of association, civil society enhancement, etc.)
- The building of a knowledge society (through a basic education initiative)
- Expanding economic opportunities, the creation of forums, trade initiatives and financing for growth initiatives.

### MEDA and MEPI: Case studies of aid initiatives

The two main active aid arms of the US and the EU reform initiatives in the Arab region are the US Middle East Partnership Initiative (MEPI) and MEDA, the main financial instrument for the Euro-Mediterranean Partnership. MEDA has been in place since the 1995 Barcelona Convention and was upgraded from MEDA I to MEDA II in 2000. Since its launch, MEDA has invested in programmes to support political, economic, and educational reform efforts and women’s empowerment in the Middle East countries. Under MEDA I, the EU committed more than EUR 3.4 billion for the period 1995-1999, followed by EUR 5.35 billion earmarked for MEDA II, which covered 2000-2006. In addition, the European Investment Bank provided EUR 7.4 billion in loans for the Euro-Mediterranean area.<sup>7</sup>

During the period 1995-1999, some 86% of the resources allocated to MEDA were channelled bilaterally to “partner” states in the Middle East (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, the Palestinian Authority, Turkey and Israel). Another 12% of the resources were devoted to regional activities in which all Mediterranean partners and EU member states were eligible to benefit. The remaining 2% were set aside for technical assistance offices. In the meantime, the European Parliament launched the European Initiative for Democracy and Human Rights (EIHDR) in 1994. Currently, the EIHDR is funded with EUR 132 million for activities worldwide, of which approximately 10% goes to the Middle East. The EIHDR functions as a unit within EuropeAid, which was established by the European Commission in

2001.<sup>8</sup> It is worth noting that MEDA funding is used primarily for government programming, while the EIHDR funding (the relatively insignificant sum of EUR 1.3 million for the Middle East) goes to non-governmental organizations (NGOs).<sup>9</sup> According to a study published by the US Institute for Peace,<sup>10</sup> the EU has not accorded high priority to contacts with Arab NGOs, and funding has been given only to those groups with a decidedly secular, pro-Western outlook and to apolitical organizations such as environmental groups.

The eligibility criteria used for selecting countries to receive support for economic transition and the establishment of a Euro-Mediterranean free-trade area under MEDA II included undertaking a reform programme approved by the Bretton Woods institutions (the IMF and World Bank) or implementing programmes recognized as analogous, in coordination with those institutions, but not necessarily financially supported by them, in accordance with the scope and effectiveness of the reforms.<sup>11</sup> At the same time, the connection between the level of democratization and reform in a country and the funding it receives is not explicit. For example, “Egypt, despite its poor record on reform, has received a disproportionate amount of aid over the years because of its critical role in the Middle East peace process”.<sup>12</sup> Also, Tunisia is considered as a model for the partnership by several European governments, despite the clear violations of democratic processes and human rights that it consistently commits. For example, it was clear that these conditions were dismissed by French President Jacques Chirac in his press briefing during a visit to Tunisia in December 2003, when he saluted “the progress and radical changes in this country... and the efforts the Tunisian authorities have set to ...modernize Tunisia”.<sup>13</sup>

In view of the above, it is clear that the flow of aid is directly linked to the extent to which recipient countries accept and integrate policies and conditionalities imposed by the World Bank and the IMF, which are based on market liberalization approaches and the prioritization of privatization policies and the interests of multinational institutions.

It is interesting to note how the Euro-Mediterranean Partnership divides the “Arab Region”; it includes countries of the Middle East and North Africa (Morocco, Tunisia, Algeria, Syria, Lebanon, Jordan, Palestine, and Egypt) and excludes Gulf

4 Hirvonen, P. (2005). *Why recent increases in development aid fail to help the poor*. Global Policy Forum, p. 7.

5 *Ibid*, based on the US Senate Resolution 204, 5 February 2002.

6 The partnership includes eight Arab countries, in addition to Turkey and Israel, and 25 European countries. The Barcelona Process was launched in 1995 and aims at establishing a free-trade market between Europe and the Mediterranean countries by 2010.

7 EuroMed Special Feature (2001). *From Meda I to Meda II, What's New?* Issue No. 21, 3 May. Available from: <ec.europa.eu/comm/external\_relations/euromed/publication/special\_feature21\_en.pdf>.

8 Yacoubian, M. (2004). *Promoting Middle East Democracy: European Initiatives*. Special Report No. 127, p. 4. Available from: <www.usip.org/pubs/specialreports/sr127.html>.

9 EuroMed Special Feature (2001). *Op cit*, p. 7.

10 <www.usip.org>.

11 Euro-Med financial cooperation figures. Available at the gateway to the European Union: <europa.eu.int/comm/external\_relations/euromed/meda.htm#2>.

12 EuroMed Special Feature (2001). *Op cit*, p. 8.

13 Press briefing given by Mr. Jacques Chirac upon his visit to Tunisia, 4 December 2003. Available from: <ambafrance-uk.org/article.php?id\_article=4670>.

States like Iraq, among other Arab countries. Jordan has been included in the Partnership without any clear justification or criteria: the geographic aspect is not evident, nor is the cultural aspect, which is not prioritized by the partnership, nor is there any economic advantage for Jordan when considering the complementarities aspect among the southern Mediterranean countries. On the other hand, Libya was excluded from the process. The embargo imposed on Libya by the US and EU was reviewed when the Libyan leadership changed its international policy to better suit the US and EU agendas, especially in relation to its nuclear policy. Moreover, European countries that are not on the Mediterranean, such as the UK, Sweden, Finland, Belgium, the Netherlands and others, are part of the Partnership.

These questions left unanswered leave the partnership open to subjective calculations, which are often based on the interests of the European partners and not the region as a whole. This artificial geographic definition of the Euro-Mediterranean region, which is clearly driven by the geopolitical interests of European states, helps to increase the divisions between Arab countries instead of creating a more equitable playing field for all the countries involved and facilitating cooperation and coordination between them.

Although the Euro-Mediterranean Partnership has set three main tracks of action, including the issues of peace and security, economics and free trade, as well as development and cultural aspects, progress since 1995 has been concentrated on the economic aspect. Bilateral trade association agreements were signed and ratified with all the partner countries (except Syria) with the aim at creating a free trade area. It is worth noting here that the assessments of the association agreements have shown negative short-term and medium-term impacts on the southern partner countries. The Sustainability Impact Assessment Study (SIA) for the Euro-Mediterranean Free Trade Area (EMFTA), due to be established in 2010, indicates that this free trade area might generate only slight net gains in regional economic welfare, but significant social and environmental costs in the Arab nations and Turkey.<sup>14</sup> It is clear that without adequate economic preparedness, as well as the ability to sustain successful development policies and a stable and secure environment, governments are not able to set adequate economic and national policies that allow them to benefit from free trade agreements. Therefore, the priority from the European perspective is obviously based on their own economic and trade interests and not on building a true and sustained partnership.

Moreover, one cannot disregard the European tendencies to integrate “peace building” within the partnership, given that the new European Neighbour-

hood Policy includes the Mediterranean Arab countries and Israel in common plans towards the year 2010. The EU position on the Middle East peace process states that its main objective is a “two-State solution leading to a final and comprehensive settlement of the Israeli-Palestinian conflict based on implementation of the Road Map, with Israel and a democratic, viable, peaceful and sovereign Palestinian State living side-by-side within secure and recognized borders enjoying normal relations with their neighbours in accordance with UN Security Council Resolutions 242, 338, 1397, 1402, and 1515 and on the principles of the Madrid Conference.”<sup>15</sup> However, the EU does not react to the double standards in the implementation of international laws and resolutions related to the Middle East conflict, particularly with regard to the rights of the Palestinians. It also ignores the need to introduce radical political, economic and social reforms in the region as a whole. Therefore, it is evident that the European initiative does not aim at spurring reform, but rather at buying stability and avoiding massive illegal immigration. The Barcelona Process started by focusing almost exclusively on aid and trade;<sup>16</sup> this is still reflected in today’s European policies towards the region.

For its part, MEPI was launched in 2002 as a US presidential initiative with support from the Congress. It is operated through the US Department of State. MEPI set in motion more than 350 programmes in 15 countries of the Middle East and the occupied Palestinian territories. It works through partners that include local and international non-governmental organizations, businesses, universities, international institutions, and in some cases, the governments of the region. According to the official website of the programme, to date, the U.S. Congress has committed around USD 300 million to MEPI over four fiscal years. MEPI’s funding comes in addition to the bilateral economic assistance that the US provides annually to the Middle Eastern countries.

MEPI channels funds into projects tackling four main pillars: democracy, covering democratic elections, free media, and independent judicial systems; economics, including foreign direct investment, local investments, and job creation; education, which encompasses training, improving curriculum contents, and promoting employable skills; and women’s empowerment.

The US strategy was initially aimed at tackling democracy issues within the framework of the Broader Middle East Initiative. While the initiative re-divides the region and brings in Israel as part of one framework along with Arab countries, its strategy neglects the need for stability and development, and so it does not tackle core issues that could serve peace building. It maintains the bias towards Israel, and neglects the provocations caused by the Israeli occupation. It also maintains the double standards

in implementing international laws, since it is obvious that many UN resolutions were forced to be respected and implemented using all tools, including military action, while others have been suspended for decades without implementation.

The Broader Middle East and North Africa Initiative – the US initiative adopted by the G8 after modifications, also referred to as the “Partnership for Progress and a Common Future” – lacks a real sense of local participation, especially from civil society organizations. Furthermore, it fails to address core issues aimed at fighting poverty and achieving development. US funding directed towards civil society organizations, unlike other foreign funding, creates a significant level of tension among these organizations in the Arab region. This is evident in certain Arab countries more than others. This situation owes to the belief by some groups that the funding received from the US does not serve the priorities set by Arab civil society groups, but leads these groups to be implementers of an agenda set according to US priorities in the region. In this context, the funding administered to civil society groups via the G8 initiative is leading towards the fragmentation of local civil society due to participation in various parallel initiatives in partnership with civil society organizations from the G8 countries. These initiatives focus on governance and transparency issues, dialogue for democracy, women’s participation, judiciary reform, etc. In addition to the lack of coordination among these initiatives, local civil society groups are becoming mere implementers of policies set by the funding groups without a local and participatory consultation process. This raises issues related to the relevancy of capacities and expertise of the local civil society entities implementing the proposed programmes and activities. Consequently, it raises serious questions on the effectiveness of the outcomes and expected results of this work.

### The connection of aid to militarization and terrorism

The US was the first to draw upon the connection between militarization, terrorism and aid. It imposed a condition upon countries and institutions that benefit from its aid programmes whereby the beneficiary must commit not to work with organizations and individuals that are judged by the US administration as linked to terrorism.

The EU is also linking aid to fighting terrorism, with European ministers warning countries that their relations with the economically powerful bloc will suffer if they fail to cooperate in the fight against terrorism. An EU official was quoted as saying, “Aid and trade could be affected if the fight against terrorism was considered insufficient,” leading to accusations of “compromising the neutrality, impartiality, and independence of humanitarian assistance.”<sup>17</sup> It is worth mentioning that in May 1995,

14 Martin, I., Byrne, I. and Schade-Poulsen, M. (2004). *The Social Impact of the Euro-Mediterranean Free Trade Areas: A First Approach with Special Reference to the Case of Morocco*. Routledge, Taylor & Francis Group.

15 EU’s position on Middle East Peace Process, section on external relations. Official website of the European Commission: <ec.europa.eu/comm/external\_relations/mepp/index.htm>.

16 EuroMed Special Feature (2001). *Op cit*, p. 8.

17 Bianchi, S. (2004) “Politics-EU: War on Terror Threatens Aid”. IPS, 25 March. Available from: <www.ipsnews.net/interna.asp?idnews=23031>.

the EU developed a democracy and human rights clause governing relations with third countries that stipulated the suspension of aid and trade in the event of serious human rights violations (COM 95(216)23 May 1995).<sup>18</sup> In practice, these two approaches could come in serious opposition to each other, as will be explained later in this section.

The categorization used to link aid to terrorism is not based on a specific, clear and objective definition of terrorism and terrorists. It is thus of the utmost importance to call upon the United Nations to adopt a fair definition that takes into account all the factors, realities and circumstances that generate terrorism. Not only are the links between terrorism and development not fully explored or explained by the US and the EU, but also the definition currently adopted by the UN focuses on individual terrorism and neglects state terrorism; it focuses on the violation of human rights and of international and domestic laws at the individual level, but does not talk about the violation of international rights and laws by states.

### What do anti-terrorism measures mean to the Arab region?

The efforts undertaken in the name of fighting terrorism in the US have included measures that are judged as restricting civil liberties and individual freedoms and thus impacting the civic and political rights of US citizens. Now, through their aid programmes, the US and EU are trying to impose counter-terrorism measures on their partners – which include the Arab countries – as “key elements of political dialogue”. This was stated in the declaration that resulted from one of the EU foreign ministers meetings in Brussels in March 2004.

In the view of development and humanitarian NGOs, this could impact the EU's aid policy, as it poses the risk of aid being used as a tool in the war on terror (as stated by Howard Mollet, policy analyst at British Overseas NGOs for Development). While trying to achieve “coherence” between development policy and foreign policy, the EU is not able to guarantee clear boundaries between coherence, cooption and subordination, and there are also no guarantees that these purposes will not be financed through existing development funds. In fact, the EU has indicated that counter-terrorism concerns will be integrated into “all relevant external assistance programmes.”<sup>19</sup> Some Arab governments with long track records of human rights violations will use the security demands of the US and the EU to continue imposing additional restrictions on individual freedoms, including freedom of association and expression, in the Arab region. The current EU and US policies bolster the ability of Arab governments to violate the basic human rights of their citizens.

On the other hand, countries such as Turkey, Jordan, Pakistan, Indonesia and the Philippines,

which are considered critical in the “war on terror”, have seen significant increases in credits and aid from the US, some of it from the Economic Support Fund (ESF), a category of security assistance used during the Cold War to give support to key geopolitical allies.<sup>20</sup> The increases in military and ESF funding come largely at the expense of humanitarian and development assistance, whose core programmes, such as education and child and maternal health, were estimated to be reduced by about USD 400 million in 2005, according to a budget analysis by Inter Action, a coalition of 160 US relief and development groups.

All these measures are being implemented with little attempt to examine the root causes of terrorism and the factors that generate it. This will never lead to winning the war against terrorism. Moreover, reducing social and economic aid will exacerbate the lack of basic necessities and increase poverty, which is a main factor behind criminality, delinquency and terrorism.

### Aid and relations with Israel

For the United States, the concept of “opening up” (to neighbouring countries) goes hand in hand with a resolution of the conflict with Israel. Relations with Israel are an indicator for relations with the rich and “civilized” world. Following their peace agreements with Israel, economic aid to Egypt and Jordan increased dramatically. Israel and Egypt remain the largest bilateral recipients, accounting for nearly USD 5 billion in aid. It is worth noting that most of the USD 3 billion earmarked for Israel goes to military credits.<sup>21</sup>

In the Palestinian case, in the context of negotiations for an “agreement at all cost”, Palestinian moderation is rewarded with a great many promises, but only trickles of support. This has created an atmosphere of intimidation and doubt following any attempt for an independent position on the peace process.<sup>22</sup> The double standards and subjectivity of aid processes and mechanisms were clearly reflected after Hamas was democratically elected by the Palestinian people, with the US and EU threatening to stop the flow of aid to Palestine due to these election results. Although the US has always claimed to be a champion of democracy, the Palestinian elections did not gain its recognition due to the obvious conflict between Hamas and Israeli interests.

The 2007 foreign aid bill approved by the US House of Representatives Appropriations Commit-

tee includes USD 2.46 billion for Israel, of which USD 2.34 billion goes to military aid and the rest to civilian aid. US aid for Israel is calculated according to a formula set in the late 1990s, which aims at eliminating US civilian aid to Israel. This is based on the assumption that the US Congress would not support civilian aid for long to a country with a developed economy like Israel's. Under this formula, US military aid for Israel would increase by USD 60 million a year to a ceiling of USD 2.4 billion a year, beginning in 2009. Israel will receive its last USD 60 million of US civilian aid in the 2008 US fiscal year. Egypt will be receiving the second largest aid amount from the US, totalling USD 1.7 billion, of which USD 1.3 billion is earmarked for military purposes. It should be noted that the US House of Representatives, whose foreign aid will total USD 23.1 billion in 2007, will dedicate the limited amount of USD 3.4 billion to fight AIDS, tuberculosis and malaria; USD 522 million for stabilization efforts in Iraq; and USD 962 million for Afghanistan.<sup>23</sup>

### The impact of the aid flow as currently managed

The Monterrey Conference placed equal stress on three pillars that serve financing for development: (1) more free trade, including foreign direct investment, but with a more democratic, transparent and fair trading system; (2) more aid, with the main focus on the quality of aid and on non-conditional, non-tied official development assistance; and (3) sustained debt relief. However, through a quick analysis of the aid policy towards the Arab region, one can easily conclude that it is highly linked to strategically calculated political decisions, and focuses on enhancing free trade, which remains one of the main objectives for any aid channelled to the region. This aid policy is hardly conducive to development, because trade alone cannot guarantee growth and sustained development. The trade policies conducted by the US and the EU do not reflect any serious willingness to help developing countries, since they insist on subsidizing their own agricultural sectors, misusing antidumping measures, abusing intellectual property rights, and modifying the rules of trade in services. This was reflected in the trade negotiations at the successive WTO ministerial and mini-ministerial meetings in Doha, Cancun, Hong Kong and Geneva. Moreover, the economic reforms being tied to much of the ODA flow are perceived by different governmental stakeholders and decision makers – from the international financial institutions to local governments – as a matter of economic and trade liberalization and more privatization. This assumption highly limits the role of the state in economic regulation and reduces the available policy options. It also shrinks social reforms to the mere establishment of safety nets to face the negative effects resulting from

18 EuroMed Special Feature (2001). *Op cit*, p. 4.

19 Bianchi, S. (2004). *Op. cit*.

20 Lobe, J. (2004). “US Foreign Aid Budget Takes on Cold War Cast”. IPS, 3 February. Available from: <[www.ipsnews.net/interna.asp?idnews=22232](http://www.ipsnews.net/interna.asp?idnews=22232)>.

21 Shah, A. (2006) “The US and Foreign Aid Assistance”. Global Issues that Sustain Everyone, Sustainable Development. Available from: <[www.globalissues.org/TradeRelated/Debt/USAid.asp#AidIsActuallyHamperingDevelopment](http://www.globalissues.org/TradeRelated/Debt/USAid.asp#AidIsActuallyHamperingDevelopment)>.

22 Abou Chakra, S. (December 2005). “Alternative Priorities”. Paper prepared for the ANND as a contribution to the *Annual Report on the Reality of Aid Security, Development, and Cooperation*.

23 This paragraph is based on the article “US aid for Israel USD 2.46 billion in 2007”, *Globes Online, Israel Business Arena*, 28 May 2006. <[www.globes.co.il](http://www.globes.co.il)>

these economic reform policies. Furthermore, ODA is increasingly being conditioned by the “war on terror”, and the reaction to the results of the elections in Palestine is an interesting example. Finally, the debt issue was never seriously negotiated; it remains, as in the case of Lebanon, a way to exert more conditionalities towards liberalization and privatization.

The United Nations General Assembly repeatedly stressed the inter-linkage between security, development, and human rights at the September 2005 World Summit. The correlation between security and development is the basic principle of modern political and sociological thought. Problems of security and development can only be tackled together, in a comprehensive effort to face conditions that, on one hand, cause stability and instability, and, on the other, stimulate or hinder development.<sup>24</sup>

The areas into which aid is being channelled by the donor community overlap with several areas that civil society organizations in the Arab region are working to promote and strengthen, such as good governance, freedom of expression, sound electoral systems, the independence of the judiciary, and the empowerment of women, among others. However, the surrounding environment being enhanced by the donor countries themselves is hampering the process of change in the Arab region. Three main factors have a direct and negative effect on the impact achieved by aid flows for the purposes of financing for development in the region. These are:

- The double standards of the US and the EU with regard to the UN resolutions and the 2004 International Court decision<sup>25</sup> addressing the rights of the Palestinian people. Moreover, Israeli nuclear weapons remain a taboo subject, while insecurity in the region and tendencies towards militarization and strengthening defence policies persist.
- The link between aid and terrorism is weakening the ability to sustain an efficient and effective flow of aid based on the national needs of recipient countries, and not on the foreign policy demands of the rich donor countries. This approach is also providing new justification for the prioritization of defence and security policies at the expense of development and social security, which has long been the main dilemma in the Arab region.
- The undemocratic regimes in the Arab region, which continue to repress freedoms, violate rights, and limit the space of civil society organizations, are continuously being supported by various donor countries for reasons related

to energy and oil sources or the military bases located in several Arab countries.<sup>26</sup>

No efforts will genuinely help the region unless the rights of all peoples are protected in accordance with international conventions, laws, and UN resolutions. Change requires the introduction of radical reforms at different levels: political, economic, social and cultural. In order for any reform agenda to be effective, it must be comprehensive and take all of these dimensions into consideration. These reforms should be aimed at establishing regimes that respect human rights and democracy and adopt policies leading to social justice. From the perspective of Arab civil society organizations, there is no opposition to any initiative calling for democracy and respect of human rights. Peace, security, and adequate socio-economic policies in addition to democracy and human rights would be the main factors needed for their success. Moreover, change requires the implementation of a fair and comprehensive solution for the Palestinian-Israeli conflict and a real and effective end to any form of foreign occupation in Iraq.

Ideally, aid should complement local development plans. This requires addressing “national” obstacles hindering these plans, such as lawlessness, the absence of democracy, and the prevalence of corruption, in addition to the lack of expertise and scarcity of technology. If conditionalities were related to issues such as the freedom to vote, the right to free expression and association and the independence of the judiciary, rather than privatization and the removal of subsidies that support basic services, then the aid regime could become the developmental lever needed by poor countries. Local development plans should answer the needs of the majority of the population that lives below the poverty line in most countries of the region. Foreign aid for these plans will contribute to raising the living standards of real people, and not merely raising general economic indicators that only actually benefit a minority in the upper classes, mainly because of the lack of a fair redistribution of wealth. It is essential to stress that foreign aid should be aimed at poverty reduction policies, and this will depend on the harmonization of the policies, practices, and procedures of the development assistance agencies, as well as on national public capacities to absorb, manage and distribute this aid.

For its part, civil society can play a crucial role in the process of reforming aid mechanisms, guaranteeing their outreach, and making them more responsive to local and national needs, and therefore more sustainable within the development policies of developing countries. ■

<sup>24</sup> See reference 20.

<sup>25</sup> The International Justice Court issued a statement in 2004 concerning the construction of the separation wall by Israel. It was stated that the wall is a main obstacle for economic, social, and human development in the occupied Palestinian territories. Moreover, it causes humiliation among Palestinians, generating more tensions and increasing insecurity and instability.

<sup>26</sup> These undemocratic behaviours of the Arab governments are generating more corruption and contributing to the misuse of the aid flow. The lack of transparency and accountability are the direct reasons behind the lack of responsibility.