

# CHARTING A NEW PATH FOR U.S. FOREIGN ASSISTANCE IN THE MIDDLE EAST AND NORTH AFRICA

The nations of the Middle East and North Africa are in the midst of a historic transition. While the people of Egypt and Tunisia have taken unprecedented steps toward democratic self-governance, reform movements across the region are encountering varying degrees of resistance from governments fearful of change. The gravity and uncertainty of this moment demands that U.S. policymakers reevaluate foreign policy goals and strategies for the region, with particular attention to how foreign assistance can deliver maximum impact in a resource-constrained environment.

Without sustained dialogue and consultation with a broad range of actors, U.S. foreign assistance will reflect our own assumptions about the region rather than successfully respond to the needs and aspirations of the people we intend to help. Over time, a new approach will help build more inclusive and responsive political systems, consequently strengthening peace and stability in a region that is critical to U.S. national interests.

MFAN has produced the following recommendations with the key questions driving the reform debate in mind: How can we be more strategic and effective with our foreign assistance? How can we hold recipients and ourselves more accountable? How can we leverage all the tools of U.S. power, including the private sector and civil society, to get better results? How can we ensure that immediate assistance provided will help build the foundation for a sustainable partnership over the long-term? And, how can we help countries and citizens become more self-sufficient and take more responsibility for, and ownership of, their own development?

Future U.S. foreign assistance to the Middle East and North Africa will be most successful if it is built on bipartisan principles that are driving the foreign assistance reform agenda within the U.S. government. The principles outlined below can inform U.S. policymakers as they consider new directions for foreign assistance in a democratizing Middle East.

In the days and weeks ahead, the U.S. should:

- **Develop and Implement Quick Impact Projects**
- **Engage as Partners in a Global Effort**
- **Budget for Civil-Military Balance**
- **Empower Civil Society, Particularly Women & Youth**

In the months ahead, the U.S. should:

- **Ensure a Country-Led and Country-Owned Process**
- **Maximize Flexibility and Integration**
- **Engage the Private Sector in a Holistic Effort**

In the long-term, the U.S. should:

- **Invest in Capacity Building**
- **Institutionalize Accountability**
- **Transition to Long-Term and Predictable Support**
- **Boldly Fashion a New Foreign Policy for a New Middle East**

## IN THE DAYS AND WEEKS AHEAD...

**Develop and Implement Quick Impact Projects:** Demonstrating rapid impact and change, even on a small scale, is vital in to maintain momentum for change, while providing precious time and political space for a more structured dialogue with recipient countries and civil society about the best use of assistance. This rapid reaction effort should be civilian-led, aim for high-visibility and high-impact, and allow local partners to identify the immediate and near-term priorities.

**Engage as Partners in a Global Effort:** The U.S. can play a lead role in bringing the international donor community together around a new approach to supporting development and poverty reduction in the Middle East and North Africa. A donor coordination group should convene immediately to support governments in transition to compose transparent and inclusive national development plans in conjunction with the private sector and civil society. These indigenously-led plans should provide the blueprints for future donor commitments and priorities.

A new U.S. approach to foreign assistance in the Middle East must be based on “partnership, not patronage,” in the words of President Barack Obama. The U.S. should engage with a broad range of actors, including faith-based and secular groups, activists and remnants of the old guard, and both advocates and critics of a close partnership with the U.S. An open dialogue with local leaders who are truly representative of the diversity of views in the region will ensure that U.S. officials fully appreciate complex political dynamics and fast-moving events in the transitional period, while helping to facilitate the provision of aid where it is needed most.

When the donor community speaks in one voice it is less likely to work at cross purposes or overwhelm weak transitional institutions. This group can ensure that broadly shared priorities among donors — such as the protection of the rights of women and minorities — are clearly communicated. Furthermore, better coordination will guarantee more effective allocation of resources, a major concern during this period of tight budgets and growing deficits in donor countries.

**Budget for Civil-Military Balance:** For decades, the U.S. provided Middle Eastern nations with heavy military assistance in the name of stability. More often than not, funneling resources into the security sector ends up disproportionately tilting the balance of power. Without broad democratic participation and functional civilian institutions, the likelihood of maintaining peace and security is slim. As former Secretary of State Condoleezza Rice presciently observed in 2005, “...the United States pursued stability at the expense of democracy in this region here in the Middle East — and we achieved neither.” An up-front investment in civilian institutions will be a down payment on a more open political system with multiple centers of power. A democratizing Middle East will have competing needs among civilian and military actors; we need to get the balance right.

At this critical turning point, U.S. defense, diplomacy, and development policies must reinforce one another. To encourage this process, the Administration should be provided with the flexibility necessary to strike a balance between resources designated to train and equip foreign militaries and funds that support civilian capacity building. U.S. assistance to militaries in transition should incentivize the separation of military and political decision making, while the technical expertise provided to nascent political parties should aim to institutionalize civilian control of the military.

**Empower Civil Society, Particularly Women & Youth:** Bolstering the growth and development of civil society in the Middle East will be among the most important things we do to support change. This involves not only direct U.S. support for indigenous entities, but also closer coordination with international organizations, academic institutions, and non-profits that are skilled at strengthening civil society. Where civil society is weak, co-opted by the former regime, or unrepresentative of the poor and disenfranchised, donors should invest in capacity building that strengthens the compact between citizens and their governments. The U.S. must work with — and occasionally apply pressure to — transitional governments to provide the legal and political space for independent civil society to flourish.

Women have been at the forefront of the movement for change. The current transitional period provides an opportunity to address the gender gap in literacy, education, employment, and political representation across the Middle East and North Africa. Culturally sensitive gender integration will be necessary across all development efforts. Additionally, the concerns of youth must be reflected in any post-regime foreign assistance. Nearly two-thirds of Middle Easterners are under the age of 30, and the role of youth was a key factor in toppling dictatorships in Egypt and Tunisia. This key demographic — once disaffected, cynical about their future prospects, and frustrated with the status quo — has demanded a voice in their countries' reform processes. While the "youth bulge" is often identified as a key challenge facing the Middle East, it can instead be an engine for growth and opportunity.

## IN THE MONTHS AHEAD...

**Ensure a Country-Led and Country-Owned Process:** Although the U.S. will be tempted to drive the reform effort in the Middle East, local priorities must guide the transition to democratic rule. While we should persist in our oversight to hold recipient governments accountable for the resources they receive, the ultimate goal of U.S. foreign assistance in the Middle East should be a strengthened compact between citizens and their governments. To this end, the U.S. should support inclusive national dialogues throughout the implementation of country development strategies. The U.S. and other donors must show patience and recognize that reform will likely be a generational process that cannot operate in accordance with a strict timetable. An effort that is clearly seen to be locally-led and -owned will build a foundation for more effective governance.

**Maximize Flexibility and Integration:** Too often, most or all of the foreign assistance allocated by the U.S. is already designated for particular causes — regardless of whether these causes align with the country's development priorities. In order to consolidate the democratic gains already made, the Obama Administration will need flexibility to move across accounts and construct aid packages that are tailored to the needs of individual countries. We should not revert to simply doing business as usual at such an important historical moment. Flexibility will be the key to success.

**Engage the Private Sector in a Holistic Effort:** The private sector can discover new sources of prosperity and self-sufficiency by removing barriers to economic growth and advising policymakers on the creation of business-friendly tax and regulatory regimes. By investing in the success of Arab entrepreneurs, the U.S. will cultivate a new generation of leaders who will link political and economic progress with continued engagement with the international community. Moreover, the private sector holds the key to boosting employment and unlocking the potential for robust new trade opportunities. The prospect of debt forgiveness and/or trade negotiations will serve as compelling incentives for the private sector to partner with democratic reformers. However, U.S. investments in the region's private sector cannot occur in isolation and must be integrated with other assistance efforts that promote poverty reduction and equitable growth. Programs that support livelihoods and provide access to credit in rural areas should complement efforts to support reformers in major cities.

## IN THE LONG-TERM...

**Invest in Capacity Building:** The Middle East suffers from severe under-development. The 2009 Arab Human Development Report revealed that Arab states as a whole were less industrialized than they were in 1970. Sustained support for functioning and accountable judicial, health, and financial institutions in the Middle East will pay invaluable dividends in terms of stability, human security, and shared economic prosperity. As the media spotlight fades, reformers will struggle to reverse decades of stagnation, corruption, and systematic violation of universal human rights norms. Past experience has demonstrated the fragility of young democracies that must cope with impossibly high expectations, scarce resources, and dedicated spoilers.

USAID and other relevant agencies must be empowered to provide the resources and experienced development personnel to help these young democracies weather the coming storm. When the democratic aspira-

tions of hundreds of millions of people hang in the balance, any U.S. retrenchment from the challenges of global leadership or withdrawal of its development expertise will abandon potential allies in their hour of need and undermine our nation's long-term prosperity and security. While the price of assisting the Middle East during this transition period will be controversial in a time of budget austerity, the alternatives are grim.

**Institutionalize Accountability:** Ensuring taxpayers are better informed about how their money is being spent will help bolster support for longer-term U.S. assistance in the Middle East. Transparency is also critically important for entrepreneurs, investors, and civil society groups both in the Middle East and in the U.S., all of whom can use up-to-date, detailed information to better plan programs and new ventures — and ensure that they meet local needs.

The U.S. must use tools including the new [USAID Dashboard](#) — which offers unprecedented information on U.S. foreign assistance disbursements, progress, and results — to consistently communicate outcomes. Recipient governments should be encouraged to set up similar mechanisms to share this information with citizens, which will allow people to hold their leaders more accountable.

**Transition to Long-Term and Predictable Support:** To strengthen transparency even further and lay the foundation for partnerships of mutual respect and accountability, the U.S. should commit to long-term foreign assistance in countries that show progress in building inclusive, rights-based institutions dedicated to good governance. In exchange, recipient nations should commit to demonstrating consistent progress toward mutually agreed upon benchmarks through rigorous monitoring and evaluation. This process should build on the tradition of U.S. support for good governance reflected in President George W. Bush's creation of the Millennium Challenge Corporation and President Barack Obama's recent *Presidential Policy Directive on Development*, which declares: "Where leaders govern responsibly, set in place good policies, and make investments conducive to development, sustainable outcomes can be achieved. Where those conditions are absent, it is difficult to engineer sustained progress, no matter how good our intentions or the extent of our engagement."

**Boldly Fashion a New Foreign Policy for a New Middle East:** Washington is presently engaged in a debate over how to adapt U.S. policy to a changing Middle East. A relationship that moves beyond a narrow focus on security to encompass the democratic demands and economic needs of the people will be well-served by foreign assistance that is accountable, effective, efficient, and locally-owned. With the guidance of these well-established and broadly endorsed foreign assistance principles, U.S. policy in the Middle East and North Africa will empower governments in transition to make long-deferred investments in accountable institutions that will protect human rights, deliver services and meet the basic needs of their citizenry. The U.S. rarely gets the chance to revitalize its relationship with 380 million people. In the Middle East and North Africa, that moment has come.

MFAN is a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. MFAN was created to build upon the bipartisan consensus that has emerged over the last decade that the U.S. should play a leadership role in achieving economic growth and reducing poverty and suffering around the world, and that we can play this role more effectively, efficiently, and transparently. In 2011-2012, MFAN will monitor and encourage the Administration's development policy reform agenda and support action in Congress to achieve bipartisan agreement and legislation in support of reform.