

Egyptian and Tunisian People Revolted against Unjust Economic Models Aid Supporting the People's Revolutions should not Restrict the Democratic Transition

A Call of Civil Society Organizations from the Arab Region and International Groups Against Diverting the Revolutions' Economic and Social Justice Goals through conditionalities imposed by the IMF, WB, EIB and EBRD

The G8 met on the 26th and 27th of May 2011 in the French city of Deauville, where it discussed support to the “Arab Spring”¹, in the presence of official representatives from the Egyptian and Tunisian transitional governments who took office after peaceful, popular revolutions in each of the countries succeeded in removing dictatorial oppressive regimes that had been in power for decades. The Egyptian and Tunisian revolutions moved these countries into a new era where their peoples are demanding wide-ranging transitions towards democratic institutions and practices, as well as deep-cutting reforms of social, economic and political policies based on inclusive national dialogue, participatory governance processes, and an empowered civil society.

While support to democratic transitions and development efforts is welcome, it is important to note that the Egyptian and Tunisian people revolted against unjust economic models that had left the vast majority of these populations destitute and marginalized in their own economies through decades of inappropriate policies prescribed and imposed by the very same international actors that are called upon today to facilitate the transition.

As late as September 2010, the IMF was still lauding Tunisia's “sound macroeconomic management and structural reforms over the last decade” and even called for more of the same by “contain(ing) public spending on wages and food and fuel subsidies”², even as the same document takes note of the rising food prices in the country due to global food prices. ***The continuous pursuit of completely inadequate policies over the years and the callous disregard of the pressing priorities facing the beleaguered people of these countries raise fundamental questions over the role of the IMF in the transition.*** These questions should lead to a serious, open and inclusive re-evaluation of the policy prescriptions of international organizations over the past decades. The international framework of financial and economic institutions can only be strengthened by such a debate, provided it is conducted with the participation of developing countries as equals.

¹ The G8 outcomes promised a “Deauville Partnership” including “an economic agenda that will enable reforming governments to meet their populations' aspiration for strong, comprehensive growth and help facilitate a free and democratic outcome to the political processes” in addition to “sustaining social cohesion and macroeconomic stability” in the short-term. It called on the International Monetary Fund (IMF) and other multilateral development banks, mainly noting the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), and the World Bank to deliver “support ... to strengthen governance and bolster the business climate”. It called for appropriate regional extension of the geographic scope of the EBRD's mandate to cover countries of the region and called for the creation of a dedicated transitional facility, to allow the bank's operations to start as early as possible. Within this context, the G8 Summit announced that multilateral development banks could provide over (£12bn) \$20bn for Egypt and Tunisia for 2011-2013¹. Along this, the G8 countries offered a package of “deep and comprehensive free trade agreements and investment” to accompany their efforts. In announcing that the EU would provide an extra €1.24 billion to the foreseen €5.7 billion support to its southern and eastern neighbours¹, the European Commission President, Mr. José Manuel Barroso, noted that aid was not enough to respond to the socio-economic challenges in the EU's neighbourhood and that “we (the EU) need to do more to boost growth and jobs... push(ing) for faster free trade agreements, targeted concessions and smart investment facilities”.

² IMF Public Information Notice (PIN) No. 10/121, September 1 2010
<http://www.imf.org/external/np/sec/pn/2010/pn10121.htm>

Within this context, aid purported to support the people's revolutions should not end up restricting the democratic transition and diverting the revolutions' economic and social justice goals. Orthodox recipes that contributed to the injustices that Tunisian and Egyptian people faced should not be re-enforced through various forms of partnerships and aid packages promoted in the name of democracy support. Indeed, the change pursued by the peoples of the region is not served by increase in aid that comes tied with recipes for further liberalization of trade and investment, deregulation under the umbrella of “bolstering the business climate”, and frameworks of conditionality linked to macroeconomic stability objectives.

The steps taken by the transition governments in Egypt and Tunisia in regards to accepting aid through international and regional financial instruments, which is often associated with a variety of economic policy conditionality, will commit the governments and populations of these countries for years to come³. ***Such decisions should not be taken by provisional governments, mere months, even weeks before elections are held.*** Indeed, decisions on macro-economic policies, trade, and investment policies should be based on economic and social priorities that the Egyptian and Tunisian people identify through the constitutional processes and various national dialogue platforms that coalesce in comprehensive, rights-based, coherent, and forward-looking national development strategies. This should not be jeopardized by decisions undertaken by the unelected technical consultant groups currently supporting the transitional governments, nor should it be limited by the obligations undertaken under agreements with the IMF, WB, or other international or financial institutions.

Moreover, the nature of aid itself, whether it is new or recycled, and whether it takes the form of grants or loans, in addition to the mechanisms for its disbursement remains controversial. While the aid pledged at the G8 summit is to be allocated through the IMF, EIB, and EBRD, these institutions and their role have not been proven to serve development and justice objectives through previous experiences. On the contrary, according to the documented work of several alliances of European organizations, the EIB loans lack transparency, are weakly monitored for the purposes of assessing their developmental impact, and often fail to meet the aspirations of the people in receiving countries nor benefit them⁴. Indeed, the European Parliament⁵ have reiterated that the EIB should increase transparency and improve development criteria and social and environmental standards. This situation casts serious doubts over the bank's capacity to perform for the objective of just development and in the service of economic and social rights of the people in the region. Moreover, the EBRD's previous experiences in countries of central and Eastern Europe and the former Soviet Union (aiming to assist in their transition to market economies and multiparty democracy and pluralism) has achieved mixed results- by the EBRD's own measures. Above all, with no actual expertise in the Mediterranean and no publicly available information on how its operations impact on poverty, there is doubt that the Bank can actually assist in a transition period for the cause of justice, development, and people's rights.

Within this context, we the undersigned organizations stress that the aid being extended towards the region should support a democratic people-led process of development and not be part of increasing the people's and countries' debts or restricting their policy spaces for development and democratic decision-making around economic and social justice.

³ Lahcan Achy; “Foreign Debt Limit Egypt's Economic Choices/ الديون الخارجية تكبّل خيارات مصر”؛ published in Al-Hayat Newspaper.

⁴ See “Keep European Public Banks Out of Med”; Counter Balance; www.counterbalance-eib.org

⁵ Source: See <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2010-0062&language=EN> and Counter Balance statement “The European Parliament Vindicates Counter Balance positions and concerns on EIB”; <http://www.counterbalance-eib.org/?p=488>

Accordingly, we call for:

- Completely eliminating policy conditionalities from aid addressed to provisional governments, thus preventing unelected and temporary representatives to commit, under pressure and need, their countries and their peoples to policies and measures that will have wide-reaching effects over the years to come.
- Allowing for assessment and renegotiation of international trade, financial and economic commitments taken by past governments. This should include public assets and natural resource concessions privatized through corrupt dealings by past governments.
- Ensuring transparency regarding the amounts of the assigned aid and its nature (whether grants or loans), the related mechanisms of disbursement, the monitoring mechanisms and criteria (including clear measurement criteria of the interventions' added value in terms of poverty reduction, employment creation, and respect of democratic processes), and the beneficiaries in terms of sectors and entities (including disclosure of assessments undertaken in regards to the recipient countries, such as the assessment of Egypt currently undertaken by the EBRD).
- Assessing previous lending in the region by the development banks that have been already operating there, including the EIB and the World Bank, which should be undertaken before their lending mandate in the region is expanded.
- Ensuring this support is directed to serve social and economic justice and the public good, based on the re-established economic and social visions in each of the recipient countries, which will follow from the elections and result from a national participatory and democratic process. It should be directed to address the factors impoverishing people in Tunisia and Egypt, which were evident under the previous regimes and their economic and social policy choices. It should address decent work for all, comprehensive rights-based social protection, and production cycles and capacities. It should be channeled to financial institutions with a clear development role, and not merely through financial intermediaries where these investments and their development outcome cannot be tracked nor guaranteed. This aid should not end up concentrated towards boosting a deregulated role for private sector interests, nor focused on boosting international trade and financial transactions which are not conducive to development.
- Instituting guarantees by the institutions responsible for channeling this aid that these flows will not end up deepening the debt burdens of the receiving peoples and countries.
- Undertaking a debt audit for the debts carried by each of Tunisia and Egypt, resulting from years of undemocratic and self-interested decisions taken by dictatorial regimes; thus identifying and cancelling odious debts of Tunisia and Egypt.
- Aligning this support with revisiting the policies on movement of persons and the basis of the migration policies that govern the movement and participation of persons, especially across the Mediterranean region, thus reflecting international human rights principles and the right to movement.
- Supporting the Egyptian and Tunisian people in the recovery of national assets stolen and unlawfully confiscated from them by dictatorial regimes and channelled via European and American financial entities and banks.
- Undertaking genuine efforts for enhancing the regulatory reforms of financial transactions, bank secrecy laws, and tax havens regulations to avoid similar situation.

Signatures:

From Tunisia:

- 1- El Jahez Platform- Tunisia
- 2- Tunisian Association for Human Rights- Tunisia
- 3- Arab Institute for Human Rights- Tunisia
- 4- Forum for Economic and Social Rights- Tunisia
- 5- Association Mohamad Ali El Hami for Labor Issues – Tunisia
- 6- Kawakibi Center for Democratic Reforms- Tunisia

From Egypt:

- 7- Arab Foundation for Civil Society and Human Rights Support-Egypt
- 8- The Egyptian Association for Community Participation Enhancement-Egypt
- 9- The Better Life Association for Comprehensive Development-Egypt
- 10- Together Foundation for Development and Environment-Egypt
- 11- The Egyptian Center for Economic and Social Rights-Egypt
- 12- Awlad Alard Association for Human Rights-Egypt
- 13- Egyptian Association for Collective Rights- Egypt
- 14- Right to water forum in the Arab Region- Egypt
- 15- Alahram Insitute-Egypt
- 16- Al Tawafoq Association-Egypt
- 17- Platform for Youth and Development- Egypt
- 18- New Women Association – Egypt
- 19- Egyptian Foundation for Health for All- Egypt
- 20- Development Support Center- Egypt
- 21- Association for Health and Environmental Development- Egypt

From Lebanon:

- 22- Arab NGO Network for Development-Lebanon
- 23- Lebanese Center for Union/ Syndicate Support-Lebanon
- 24- NGO Platform of Saida (Tajamoh)-Lebanon
- 25- Lebanon Support-Lebanon
- 26- Lebanese Center for Human Rights- Lebanon
- 27- Lebanese Commission for Environment and Development-Lebanon
- 28- National Center for Rehabilitation and Development- Lebanon
- 29- Rassemblement democratique de la femme libanaise- Lebanon
- 30- Green Peace Mediterranean- Lebanon

From Yemen:

- 31- Yemen Observatory for Human Rights-Yemen
- 32- Human Rights Information and Training Center- Yemen
- 33- Democracy Institute School- Yemen
- 34- Yemeni Foundation to support transparency and good governance-Yemen
- 35- Social Democratic Forum- Yemen
- 36- Childhood and Youth Development Center- Yemen
- 37- Article 13 Coalition against Corruption – Yemen
- 38- Network of journalists for Human Rights – Yemen

From Jordan:

- 39- The Jordanian Women's Union-Jordan
- 40- Adalah Center for Human Rights Studies- Jordan

- 41- Sisterhood is Global Institute- Jordan
- 42- Association for Defence of Human Right Activists- Jordan

From Sudan:

- 43- Sudanese National Civic Forum-Sudan
- 44- Sudanese Network of Education for All-Sudan
- 45- Sudanese Center for Gender and Development Studies-Sudan
- 46- Group for Economic, Social and Cultural Rights Studies-GESCRS-Sudan

From Morocco:

- 47- Transparency Association- Morocco
- 48- Espace Associative-Morocco
- 49- Association marocaine pour la moralisation de la vie publique-Morocco
- 50- The pole for the associative development of democracy in the south-east-Morocco
- 51- Network for Defense of Women's Rights in South East of Morocco
- 52- Association for Third Millennium Development- Morocco

From Palestine:

- 53- Palestinian NGO Network PNGO-Palestine
- 54- Women's Studies Center- Palestine
- 55- Arab Women's Forum-Aisha-Palestine
- 56- Bisan Center for Research & Development- Palestine
- 57- Teacher Creativity Center-Palestine

From Syria:

- 58- National Organization for Human Rights in Syria-Syria
- 59- Arab Union for Food industries- Syria

From Iraq:

- 60- Tammuz Organization for Social Development, TOSD-Iraq
- 61- Iraqi Al- Amal Association- Iraq
- 62- REACH Network-Iraq

From Bahrain:

- 63- Awal Association- Bahrain
- 64- Bahraini Association for Human Rights
- 65- Bahraini Sociologist Association
- 66- Bahrain Transparency Society-Bahrain

From Oman:

- 67- Omani Economic Association-Sultanate Oman

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