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South-South Development Cooperation: The Condition of the Arab World

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South-South Development Cooperation: The Condition of the Arab World

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Contents

This paper aims at identifying the characteristics and features of the South-South Cooperation (SSC) and its manifestation in the Arab world. The study links the rise of the nations of the South and their strengthening position in global politics and economy, with the spread of various forms of SSC. This cooperation is not limited to classical development assistance (such as grants and concessional loans) but extends to trade, investment, exchange of expertise, and the transfer of knowledge and technology, etc. this paper also focuses on Arab development cooperation in terms of its importance and geographical and sectoral distribution and provides a critical view of its content and dimensions, especially in light of the changes taking place in the Arab world after the revolutions that shook it in the years 2010 and 2011. The final part of this paper examines Arab regional integration as a primary mechanism for SSC by assessing the experiences of the Gulf Cooperation Council (GCC) and the Arab Maghreb Union (AMU), their limited achievements, and the magnitude of the challenges faced by these two entities. The study shows that SSC in the Arab world lags far behind compared with other regions in the South and is based on geopolitical considerations rather than economic interests.

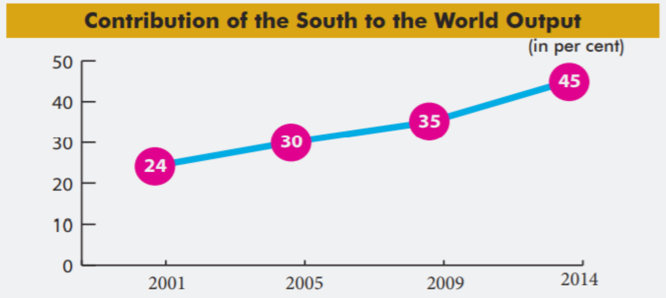
1. South-South Development Cooperation: Data and Conceptual Framework

The growth of SSC is related to the steady rise of the South and its increasingly strong standing in the global economy. This cooperation seeks to bypass official development assistance provided by countries of the North to "developing" countries. Maximizing the developmental benefits of SSC requires outlining the conceptual framework within which it operates, as well as developing an appropriate approach to evaluate its implications.

1.1 Economic Rise of the South

There is now a consensus among international organizations, such as the United Nations, the Organization for Economic Co-operation and Development, multilateral institutions, and academic circles that a number of countries in the South have achieved remarkable economic advancements that allowed them to become emerging economies that are able to compete with developed capitalist states and aspire to alter the balance of power globally. The share of the South in global production rose from 24% in 2001 to 30% in 2005 and 35% in 2009, and then to 45% in 2014 (Figure 1).v

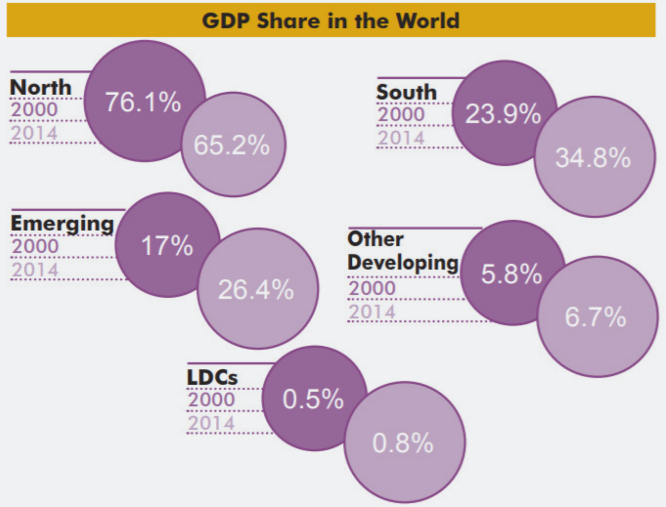
Figure 1



Source: Resurging South, Stylized Facts. RIS, New Delhi.

This increase was made at the expense of countries of the North, whose share of global gross domestic product (GDP) declined from 76.1% in 2000 to 65.2% in 2014, and then from 23.9% in 2000 to 34.8% in 2014 (Figure 2). The group of emerging countries, especially China, India, Brazil and South Africa, were the largest beneficiaries of this shift, raising their shares from 17% in 2000 to 26.4% in 2014. In contrast, other developing countries made small improvements as their share of the global GDP rose from 5.8% in 2000 to 6.7% in 2014 (Figure 2).

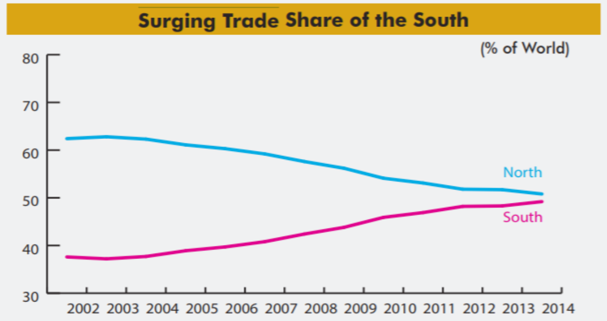
Figure 2



Source: Resurging Facts.

Trade has contributed significantly to this increase, as the share of the countries of the South in global trade underwent a qualitative leap between 2002 and 2014, in contrast to a significant decline in the share of countries in the North (Figure 3).

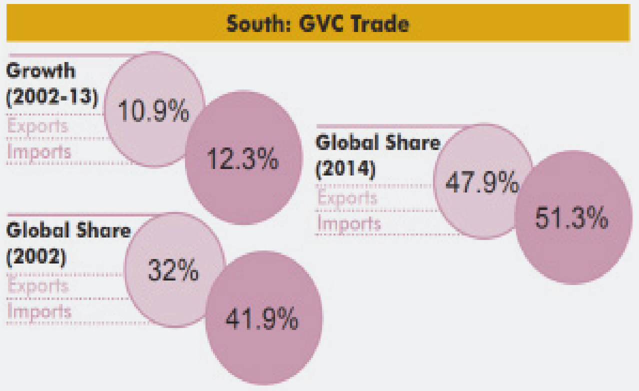
Figure 3



Source: Resurging Facts

Engaging in global and regional production chains has contributed to the commercial rise of countries of the South, as illustrated in Figure 4.

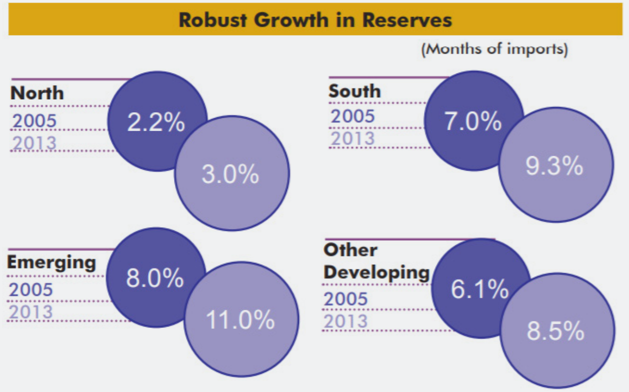
Figure 4



Source: Resurging Facts

Figure 4 shows that the South's share of global exports under these chains rose from 32% in 2002 to 47.9% in 2014. As for its share of global imports, it increased from 41.9% in 2002 to 51.3% in 2014. The South countries' improvement in trade strengthened their hard currency balance with a growth rate of 7.0% in 2005 and 9.3% in 2013 against 2.2% and only 3.0% for the countries of the North. The group of emerging countries recorded higher rates reaching 8.0% in 2005 and 11.0% in 2013 (Figure 5).

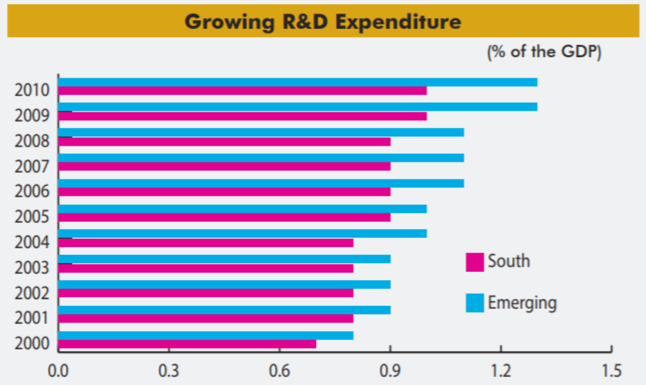
Figure 5



Source: Resurging Facts

Last but not least, the interest of the countries of the South in general, and the emerging countries in particular, in knowledge and technological progress has increased by allocating a significant percentage of their GDP to research and development as shown in Figure 6.

Figure 6



Source: Resurging Facts

1.2 From South-South Cooperation to South-South Development Cooperation

The first building blocks of the SSC were first laid with the struggle of the peoples of the Third World against colonialism and the first attempts to build independent national states during the 1950s. The Bandung Conference in 1955 was the first step in laying down the foundations of the SSC. It set the principles that would govern the relations between Asian and African countries. The most important of these principles were the sovereignty and unity of all nations, the non-interference in their internal affairs, the respect of human rights, the peaceful settlement of disputes, and the development of their mutual interests and cooperation. The conference paved the way for the establishment of the Non-Aligned Movement in 1961 and then the Group of 77 in 1964. Various forms of cooperation developed among countries of the third world, especially after the United Nations Conference on Technical Cooperation among Developing Countries in 1978 in Buenos Aires, where a number of initiatives were launched for the regional integration between countries of the South through the creation of common regional markets and customs unions, the establishment of political and institutional cooperation, and the establishment of transport and communication networks between states. They also included many forms of co-operation and coordination in international forums, especially within multilateral organizations, and in building military alliances and cultural exchanges. The Nairobi Final Act of the United Nations High-level Conference on South-South Cooperation for 2009 confirmed that "South-South Cooperation is a manifestation of solidarity among the peoples and countries of the South... and the essence of this cooperation and its agenda must be determined by the countries of the South and should continue to be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit." The SSC has developed significantly over the last two decades in various areas including trade, investment, development assistance, technical cooperation and other financial flows. For example, the SSC's share of global trade rose from 8.1% in 1980 to 16% in 1991 and then to 30% in 2011, while the share of the North fell from 46% to less than 30% between 1980 and 2010 (CSO Partnership for Development Effectiveness, 2016) One of the benefits of the South-South trade is that it limits dependence on markets of the North, reduces transport costs in view of the geographical proximity of its countries, and helps diversify the basket of goods exchanged. The South-South foreign direct investment (FDI) inflows has followed the same upward trend, as their share of global inflows rose from 6% in 1980 to 31% in 2012. Other data also show that South-South FDI inflows have become a distinct phenomenon, growing at an annual rate of 21% and accounting for about 14% of total foreign investments globally. The trade between Brazil and Africa, for example, has jumped dramatically from $4 billion in 2000 to $28 billion in 2012. This development was one of the important factors that led Brazil to increase its number of embassies in Africa to 37, exceeding those of the UK. China has also become the most important trading partner of the African continent.

The SSC is characterized by its diverse forms and contents. The purpose of this paper is to focus on the aspect of this cooperation that involves development assistance.

The latest statistics published by the Organization for Economic Co-operation and Development (Table 1) indicate that the development cooperation provided by the ten largest donor countries in the South continued to increase between 2010 and 2015, rising from $10.1 billion in 2010 to $28.8 billion approximately in 2014. These numbers do not account for the contributions of donor countries of the South to multilateral organizations, particularly those belonging to the United Nations.

Table 1

ditures of over USD 300 million (in 2013/2014)

Country	2010	2011	2012	2013	2014
Brazil[1]	500	469	411	316	n.a.
China	2 564	2 785	3 123	2 997	3 401
India[2]	708	794	1 077	1 223	1 398
Kuwait (KFAED)	639	526	482	541	598
Mexico[3]	n.a.	99	203	526	169
Qatar	334	733	543	1 344	n.a.
Russian Federation	472	479	465	714	876
Saudi Arabia[4]	3 494	5 239	1 436	5 825	13 785
Turkey	967	1 273	2 533	3 308	3 591
United Arab Emirates	542	796	854	5 493	5 193

n.a. = not available

Source: Luijkx W and Benn J, 2017.p 7.

According to the same source (Table 2), SSC accounted for 5.2% of the international development cooperation in 2011, 5.6% in 2012, 6.8% in 2013 and 7.0% in 2014, despite the fact that methods of calculating aid coming from South countries tend to underestimate their true size (refer to section 1.3), see Correa ML, 2017.

Table 2

Estimated global development co-operation (gross disbursements, current prices)

	2010	2011	2012	2013	2014	2014 (% of total)
ODA from 28 DAC member countries	141.2	150.1	140.1	151.7	150.8	83%
ODA from 19 emerging providers that report to the OECD-DAC	6.7	9.1	6.5	16.7	25.0	14%
Estimated development co-operation flows from 10 non-reporting emerging providers	4.3	5.2	5.6	6.8	7.0	4%
Subtotal: development co-operation from 29 emerging providers	***11.0***	***14.3***	***12.1***	***23.4***	***32.0***	***17%***
Estimated global total	152.3	164.3	152.2	175.1	182.8	100%

Notes: i) From OECD 2016. ii) The 29 providers include 19 countries that report to the OECD (Israel[3], Kazakhstan, Kuwait, Liechtenstein, Russian Federation, Saudi Arabia, Thailand, Timor-Leste, Turkey, United Arab Emirates and the 9 EU members that are not members of the DAC) and 10 countries for which the OECD makes estimates (Brazil, Chile, China, Colombia, Costa Rica, India, Indonesia, Mexico, Qatar and South Africa). iii) Brazil and Qatar have not published data on their development co-operation for 2014. To complete the table, Brazil's, and Qatar's development co-operation in 2014 is estimated to be at the same level as in 2013. iv) The sum of ODA by 19 reporting providers (14%) and estimates on 10 non-reporting providers (4%) is 17% due to rounding.

Source: Luijks, and Benn, 2017, op.cit.

The most important donor countries are Saudi Arabia, China, Turkey, India and the United Arab Emirates. As for the sectoral distribution of the SSC, it varies according to the donor country: for example, China focuses on public utilities, industry and infrastructure, giving priority to ready-made projects, while Brazil is concerned with humanitarian assistance, technical assistance and scientific and technological cooperation, research grants, and expenses on refugees. On the other hand, India focuses on the sectors of health, education, information technology and hydropower generation, while South Africa is mainly interested in technical cooperation in the areas of peacekeeping, security and governance. It should be noted that these states also resort to triangular cooperation in partnership with multilateral organizations such as the World Bank, the United Nations Development Program and the World Food Organization, as well as countries belonging to the Organization for Economic Cooperation and Development. In a different regard, it is worth noting that SSC derives its principles from the Bandung Conference and seeks to establish bilateral and multilateral relations based on solidarity and cooperation rather than hegemony and dependency, as is the case in North-South relations. This means horizontal and non-hierarchical relations among equals rather than partners of unequal powers, and relations characterized by respect for national sovereignty, non-interference in domestic affairs (rather than colonial or neo-colonial relations), non-conditionality (in contrast to the conditionality imposed by Northern countries), and mutual benefit (in contrast to the patriarchy of "The West"). Box 1 illustrates the distinction between the Nairobi Conference's (2009) normative principles for the SSC and the North-South relations, while also revealing some similarities in the operational principles such as transparency, development effectiveness, coordination, results-based initiatives, and the integrative multi-stakeholder approach (we will return to this later).

Box 1

Nairobi principles of South-South Cooperation

Normative principles

- Respect for national sovereignty
- Partnership among equals
- Non-conditionality
- Non-interference in domestic affairs
- Mutual benefit

Operational principles

- Mutual accountability and transparency
- Development effectiveness
- Coordination of evidence- and results-based initiatives
- Multi-stakeholder approach

Source: Country Case Studies on South-South Cooperation 2016, p14

1.3 Conceptual Framework for the South-South Development Cooperation

The traditional approach to development cooperation adopted by OECD member countries derives its theoretical grounds from the Harrod-Domar model, which closely links the economic growth rate of a country to the volume of investment in equipment in particular, and hence the proportion of GDP allocated to the formation of fixed capital (or investment). However, the financing of this investment effort by developing countries is hindered by weak domestic saving, making the need for external resources crucial. According to this approach, developed capitalist countries had to aid with the development of countries of the South, especially since many developing countries were threatened by the dangerous spread of communism during the Cold War of the 1950s and 1960s (see, for example, Easterly 2001).

Following the debt crisis that many "developing" countries suffered from in the 1980s, the latter were forced to adopt "economic reforms" under pressure from international financial institutions. These "reforms" were based on the neoliberal model which relies on the equation that economic growth depends on liberalizing the economy, opening up markets, adopting privatization, controlling macroeconomic balances, and adopting good governance. More specifically, these "reforms" were based on the principles of the Washington Consensus, the most important of which is to avoid a significant increase in fiscal deficit to GDP, redirect public spending from subsidies to sectors that are directed towards the poor (especially education and health), introduce tax reforms, liberalize interest rates and subject them to the mechanisms of the market, implement competitive exchange rates, facilitate the flow of foreign investments, privatize the public sector and state-owned enterprises, lift restrictions on the freedom to access and exit from the market through the abolition of restrictions that negatively impact competition, and legally protect intellectual property rights. In this context, assistance for development has been used as a conditionality tool to make countries of the South adopt structural adjustment programs designed under international institutions such as the World Bank and the International Monetary Fund. By the turn of the 21st century, more emphasis has been placed on linking assistance for development to trade under the term "assistance for trade" (see World Bank, 2008). The aim of this trend is to push countries of the South towards more integration into the global capitalist economy by allocating development assistance in order to finance the infrastructure necessary for trade, such as the construction of ports and airports and the construction of roads that serve as the interface between production zones and markets. Assistance for trade is also provided to fund training, capacity-building and support institutional reforms (e.g. customs administration).

There are three main factors that have made many official and academic circles as well as public opinion question the efficacy of the neoliberal model adopted as reference for development assistance. Firstly, the structural adjustment programs imposed by international financial institutions, the World Bank and the International Monetary Fund have failed to accelerate growth in many countries of the South, although they have been revised to include an institutional conditionality under the name of "good governance" (e.g. Stiglitz, 2002).

Secondly, practice has shown that the focus on investment as the decisive factor in stimulating growth is not accurate, and that there are multiple and complex factors affecting the level of growth achieved by countries receiving development assistance (Easterly, 2001).

This is particularly evident in official development assistance (ODA). A study of the impact of ODA on growth over three decades has revealed this impact was absent or weak, and even negative (Dervis et. al, 2009).

The third factor is the global financial crisis of 2007 and 2008, which clearly proved the invalidity of the argument that market mechanisms can correct themselves without the need for state intervention. The use of Keynesian-style solutions has saved the banking and financial sector in developed capitalist countries. On the other hand, this crisis has had disastrous effects on the situation of the vulnerable and middle classes in the North and South alike, which pushed these groups to resist the neoliberal model and contributed to the outbreak of many popular uprisings, most notably the outbreak of the Arab revolutions in 2011. Given these circumstances, "developing" countries in the South became more attracted to emerging countries for development assistance as a replacement for traditional assistance by donor countries of the North. In addition, this rapprochement has provided a new spirit to SSC whose principles were established in the 1950s and 1960s. On the other hand, this geopolitical shift served as an opportunity for emerging countries to strengthen their presence and position at the regional and international levels in order to shift the balance of power in the direction of a multipolar world.

While it is still premature to speak of an alternative model of development cooperation based on a different approach to development and issues pertaining to international cooperation, the experiences of some countries of the South may be useful in touching upon some of its emerging elements. What comes to mind first is the so-called Beijing Consensus, which holds that there is no single model that can be generalizable and that there is no single solution to development challenges. That is because the nations that succeeded in developing did not implement the Washington Consensus but were inspired by different experiences of development, particularly the new wave of Asian development models. More accurately, the Beijing Consensus considers that development is dependent on the presence of a long-term vision and a national project in which the developing state plays a pivotal role and gives highest priority to technological innovation geared towards a less polluting industry. A fundamental principle of this Consensus is the independence of states and their right to self-determination in the face of the world's dominant pole – the United States. The successful economic rise of China, in comparison to the failure of the countries that had adopted the Washington Consensus, and its relentless efforts to strengthen its regional and global position made it link various SSC relations in different respects, in contrast with the traditional approach adopted by countries of the North (see, for example, Turin D.R, 2010). India, for example, has adopted a structural approach to the economies of the South to chart its strategy for development cooperation (see Indian Development Cooperation, 2016). This approach considers that there are challenges related to weak productive capacities and supply which prevents the economies of countries of the South from developing, particularly in agriculture, industry, services, infrastructure and social services. The development cooperation policy must therefore respond to the demand and characteristics of the countries of the South and encourage the redistribution of income through the creation of small enterprises that generate employment, in certain regions within the concerned country. This approach goes against the ODA policy adopted by the countries of the North based on conditionality, especially with regard to the focus on macroeconomic balances and the fight against inflation as the keys to economic growth.

We conclude from this that the emerging countries will adopt a different approach to SSC compared to what is prevalent in the literature and the practices of the countries of the North under the Organization for Economic Cooperation and Development.

1.4 Towards a New Approach to Assessing the Quality and Impact of South-South Development Cooperation

It is difficult to speak of a single approach or framework for assessing the impact and quality of SSC given the recent interest in this subject when compared with the accumulated experience in development assistance as formulated by the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD). Therefore, we will present some of the attempts suggested by researchers and academics from the South to present a briefing on the subject.

- **The Definition Problematic**

SSC is considered more comprehensive than the official development assistance (ODA) of the Development Assistance Committee of the Organization for Economic Co-operation and Development, as it also includes peacekeeping, debt cancellation, scholarships, humanitarian and refugee assistance, trade facilitation and measures to stimulate investment. It should be noted that the definition of SSC requires some flexibility to account for the particularities and circumstances of the countries of the South.

- **Measuring SSC**

There are several difficulties facing any attempt to measure SSC. The first is the lack of necessary information, due to the weak institutional structure interested in development cooperation, or to political reasons in many countries of the South. The second, is the objection of some countries in the South, such as Brazil or India to giving a monetary value for their contributions to development because that would belittle them or would not reflect the spirit of solidarity on which the SSC is based (Di Ciommo M, 2017).

Undermining the value of the SSC is due to the fact that the prices of goods and services are lower in the South compared to developed capitalist countries. This may lead to the underestimation of the development support provided by countries in the South. Therefore, there are alternative proposals that focus on the outcomes and implications of SSC rather than its inputs, and that would give a broader view of this cooperation and demonstrate its added value and contribution to the development of partner countries. However, official approaches to development cooperation do not provide this kind of information.

- **Evaluation of the Impact of SSC**

The assessment of the impact of SSC poses several difficulties, especially given the lack of data and the absence of a common definition for SSC. The first problem concerns the appropriateness of the term "results-based management (RBM)" adopted by traditional development assistance donors to assess SSC programs because of their technocratic nature and their focus on the technical aspects of planning and reporting. However, these shortcomings did not prevent the emerging countries of the South from using RBM to assess the impact of their development programs and interventions in the South. For this reason, some experts suggest that this approach should be used in conjunction with the concept of "mutual benefit" which characterizes SSC. This addition would include in the impact assessment both the "donor" and the "beneficiary" country, as opposed to North-South cooperation where the development impact assessment is limited to the country receiving the official development assistance (NeST Africa, 2015).

The second problem is the issue of the criteria to be adopted in order to assess the developmental impact of SSC. It is known that OECD donors rely on five criteria for evaluating development programs: relevance, effectiveness, efficiency, impact and sustainability. The question is whether these criteria are appropriate to assess the impact of SSC, which is fundamentally different from North-South cooperation. Some countries, such as India, have proposed a new network of impact assessment criteria as follows: (i) Empowering local groups, citizens and partner countries, (ii) building trust among local groups and citizens and within the partner countries themselves, (iii) mutual benefit for citizens, local groups, and partner countries, (iv) impact on local groups, citizens and partner countries, and (v) sustainability of social, human, natural, environmental and political resources in partner countries (NeST Africa, idem).

The third problem relates to the methodology of development impact assessment. Opinions differ between support for quantitative approaches and the tendency to consider qualitative approaches due to the small size of SSC projects. Therefore, mixed approaches are more appropriate to assess the developmental impact of such cooperation, and participatory approaches are preferred because they open up a joint impact assessment involving all stakeholders. Given the paucity of data on SSC, case studies remain the easiest and most commonly used method to assess its impact.

- **Analytical Framework for Assessing the Nature (or quality) of SSC**

The following are the main elements of the analytical framework for evaluating the quality of development cooperation presented by Basharati et al. (Besharati, N.A., Rawhani, C and Rios, O.R., 2017).

This framework consists of five dimensions and 20 indicators as shown in Table 3.

- The first dimension concerns national ownership, which consists of five indicators: "multi-stakeholder partnerships" (indicator 1). This is because SSC depends in most cases on inter-governmental relations, which is why it is important to ensure the participation of all stakeholders, including non-governmental actors and civil society organizations. The same applies to "people-centered inclusivity" (indicator 2), which means that all SSC activities should seek to improve the economic and social conditions of the poorest and most disadvantaged groups. Taking these indicators into consideration will ensure that SSC is consistent with the national needs and priorities of partner countries (indicator 3). SSC should not include any restrictions that might undermine the sovereignty of the partner country (indicator 4).

- The second dimension is "horizontality", which means equality between the two partners and the absence of any hierarchy between them. In this context, the importance of mutual benefit (indicator 5), shared decisions and resources (indicator 6) are emphasized. "Trust and solidarity" (indicator 7) is also important to emphasize "horizontality", and this can be measured, for example, by the frequency and quality of communication between the two partner countries and the depth of bilateral relations between them. A component of the SSC according to the same analytical framework is the existence of "global political coalitions" (indicator 8) in the form of common positions adopted by partner countries in international forums.

- The third dimension of "self-reliance and sustainability" seeks to reduce external dependence. This can be achieved by strengthening local capacities (indicator 9) and by transferring knowledge and appropriate technology (indicator 10). "Use of country systems and human resources" (indicator 11) and "domestic revenue generation" (indicator 12) can help "recipient" countries provide the resources necessary to finance the development process.

- The fourth dimension focuses on "accountability and transparency." This is linked to the existence of adequate "data management and reporting systems" (indicator 13), which refers to the political will to collect, analyze and disseminate information on memorandums of understanding and agreements as well as project implementation. It also requires an effective monitoring and evaluation system (indicator 14). All stakeholders must be informed of this data (indicator 15) in order to ensure transparency. Similarly, enhancing transparency on SSC and providing mechanisms for joint reviews would lead to "mutual accountability" (indicator 16).

- The fifth and final dimension relates to the general efficiency of the SSC to achieve the development objectives envisaged. This dimension is measured with five indicators. First, "flexibility and adaptation" to the local environment in order to respond to needs and priorities expressed by partner countries (indicator 17). Second, efficiency in project delivery and time and cost management (indicator 18) is one of the SSC's strong points. Third, efficiency is also linked to the coordination and integration within, or between, bodies in the SSC, and their relations with partner countries (indicator 19). Fourth, the achievement of development goals requires the promotion of South-South coherence and cooperation in trade, investment, security and migration policies (indicator 20).

Table 3

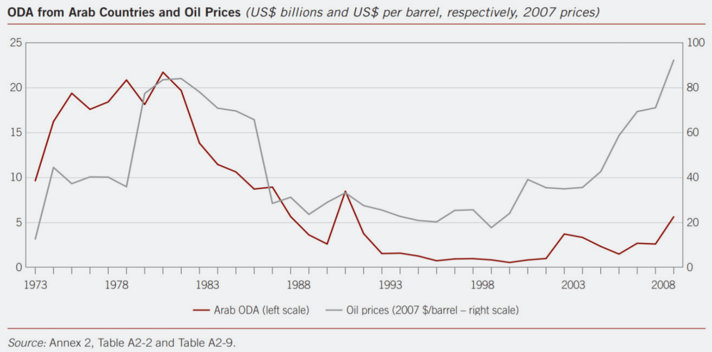
Analytical framework for assessing the China-Pakistan development partnership					
Dimensions	**Inclusive national ownership**	**Horizontality**	**Self-reliance and sustainability**	**Accountability and transparency**	**Development efficiency**
Indicators	(1) Multi-stakeholder partnerships	(5) Mutual benefit	(9) Capacity building	(13) Data management and reporting	(17) Flexibility and adaptation
	(2) People-centred inclusivity	(6) Shared decisions and resources	(10) Knowledge and technology transfer	(14) M&E systems	(18) Time and cost efficiency
	(3) Demand-driven	(7) Trust and solidarity	(11) Use of country systems and human resources	(15) Transparency and access to information	(19) Internal and external coordination
	(4) Non-conditionality	(8) Global political coalitions	(12) Domestic revenue generation	(16) Mutual accountability and joint reviews	(20) Policy coherence for development
Source: Besharati et al., 2017					

2. Arab Development Cooperation

2.1 Size of Development Assistance:

Development cooperation is considered one of the most important aspects of SSC between Arab countries or in their relationship with the rest of the South. This cooperation manifested clearly during the 1970s, after the oil boom provided significant financial resources to Arab oil countries, which used part of those resources for development assistance. Figure 7 shows the strong relationship between the development of Arab development assistance and the level of world oil prices, which culminated in 1980 and 1981. The amount of official development assistance (i.e. total development assistance commitments from Arab donor countries) and assistance from the coordination group institutions (IDB, Abu Dhabi Development Fund, OPEC Fund for Development, Saudi Fund for Development, Arab Fund for Economic and Social Development, International Fund for Agricultural Development, The Arab Bank for Economic Development in Africa, the Arab Gulf Development Program (AGFUND), the Arab Monetary Fund and the Qatar Development Fund) in addition to other development funding on concessional terms, reached an annual rate of 6.3 billion dollars between the years 2011 and 2015 (relating to net spending). Statistics included in this chapter are taken from OECD (2017).

Figure 7



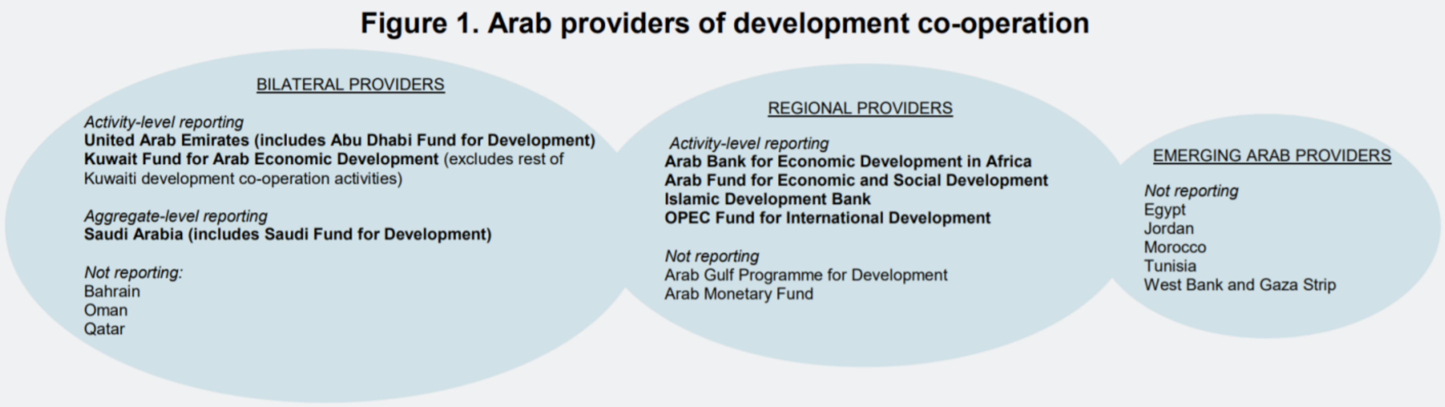
Source: World Bank, 2010, p.6

By comparison, the countries of the Organization for Economic Co-operation and Development (OECD) – a club of wealthy capitalist countries – allocated $13.3 billion for development assistance during the same period. Development assistance from Arab countries accounts for 47% of the total development cooperation provided by non-OECD donor countries. Saudi Arabia, the United Arab Emirates and Qatar are among the largest donors to bilateral development assistance, with contributions exceeding 0.7% of the gross national income.

2.1 Donors:

Figure 8 shows a map of the Arab donor countries and institutions. In the following paragraph, we will focus on the key donor countries as well as the national and regional Arab financial institutions.

Figure 8



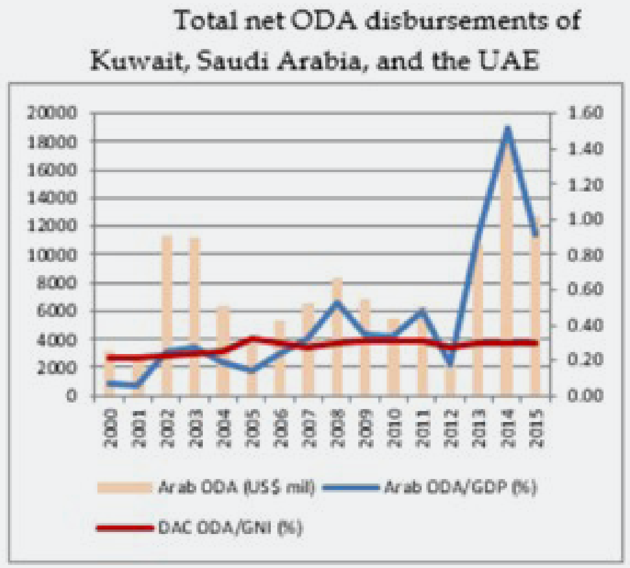
Source: OECD, 2017.

2.1.1 Bilateral Development Cooperation:

Development assistance provided by the major GCC countries has been steadily increasing since the global financial crisis (2007-2008) both in absolute and relative terms (Figure 8).

The share of Kuwait, Saudi Arabia and the United Arab Emirates compared to the total development assistance provided by rich capitalist countries increased from 2.8% of GDP during the four years preceding the global crisis to 4.0% during the crisis period (2008-2010) and then to 7.5% during the period following the Arab Spring (2011-2015). As for the annual rate of assistance provided by Kuwait, Saudi Arabia and the United Arab Emirates, it has doubled during the global financial crisis and after the Arab Spring. This assistance peaked in 2014 when it reached $19 billion. Saudi Arabia is the largest donor country with 65% of the total assistance provided by the three GCC countries during the period 2011-2015, followed by the United Arab Emirates (33%) and Kuwait (2%). The largest proportion of development assistance is provided by these countries through bilateral channels and in form of grants (90%) (World Bank, 2018).

Figure 8



Source: World Bank, 2018

2.1.2 Development Assistance Provided by National and Regional Arab Financial Institutions.

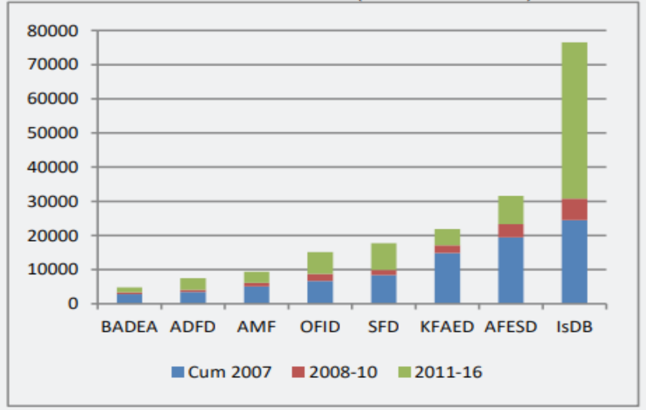
The regional funds consist of the Arab Fund for Economic and Social Development (1967) and the Arab Monetary Fund (1976). The national funds consist of the Kuwait Fund for Arab Economic Development (1961), the Abu Dhabi Fund for Development (1971) and the Saudi Fund for Development (1974). Finally, there are international financial institutions, namely the Islamic Development Bank (1975), which is 70% funded by Arab countries, and the OPEC Fund for Development (1976), which derives two thirds of its resources from seven Arab oil countries. These financial institutions have formed the "Coordination Group" to enhance cooperation between them, coordinate Arab development assistance, and avoid duplication in granting loans. These funds provide loans on concessional terms, namely, low interest rates, length of grace periods and repayments, as well as an increase in the grant component, which is 45%, significantly higher than the grant component of available international financing.

National and regional Arab financial institutions have increased their development assistance in response to the global financial crisis and the uprisings of the Arab Spring (Figure 9), especially since 2013. Thus, the annual rate of commitment of these institutions more than doubled during the period 2011-2016, compared with 2008-2010, moving from $7.4 billion in 2010 to a record high $20 billion in 2016.

The Islamic Development Bank provided the largest share of development assistance (56.5%) during the period 2011-2016, followed by the Arab Fund for Economic and Social Development (10.2%), the Saudi Fund for Development (9.7%) and the OPEC Fund for Development (7.9%).

Figure 9 Commitments of national and regional Arab financial institutions ($millions)

Table 2. Commitments of national and regional Arab financial institutions (US$ millions)



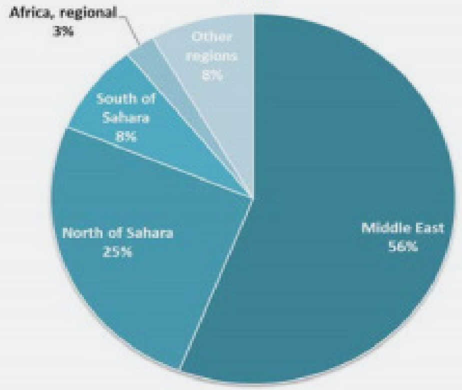
Source: World Bank, 2018

2.3 Beneficiaries:

Arab donors, both countries and institutions, focus their interventions on the Arab region, with 81% of the development aid provided by seven major Arab donors being allocated to the region (Figure 10).

Figure 10 Regional Distribution of Arab ODA

Chart 3. Regional distribution of Arab ODA
2011-15 annual average, gross disbursements



Source: OECD, 2017.

Table 4 shows that Egypt was the top beneficiary of bilateral Arab development assistance during the period 2011-2015 receiving 33.5% of the total development assistance, followed by Morocco (5.8%), Jordan (5.3%), Yemen (5.0%). The rest of the Arab countries (Sudan, Mauritania, Lebanon, Tunisia and Palestine) received 8.2% of the total development assistance.

Table 4

Table 1. Top 10 partners of Arab providers
2011-15 annual average, bilateral gross disbursements, USD million, constant 2015 prices

Partners	Amount	Share
Egypt	2,624	33.5%
Morocco	373	5.8%
Jordan	337	5.3%
Yemen	322	5.0%
Sudan	181	2.8%
Pakistan	123	1.9%
Mauritania	103	1.6%
Lebanon	87	1.4%
Tunisia	83	1.3%
West Bank and Gaza Strip	72	1.1%
Total	**4 305**	**59.7%**

Top 10 partners of Arab recipients

Source: OECD, 2017.

The same emphasis is observed in interventions by Arab financial institutions, where the top five countries accounted for 40% of the total development assistance provided over the last 20 years. As for the top ten countries, their assistance amounted to 55-60%.

The top 10 list included seven Arab countries as well as Bangladesh, Pakistan and Turkey. In the year 2016, however, only three Arab countries (Egypt, Oman and Morocco) made the list, with the rest being non-Arab (including Serbia and Turkmenistan).

2.4 Preferential Support for the Countries of the Arab Spring

GCC countries and regional institutions have provided substantial financial assistance to five of the countries that experienced popular uprisings during the Arab Spring - Egypt, Morocco, Tunisia and Yemen. The unwavering contribution of these parties to the so-called "Deauville Partnership" has confirmed their commitment to support these countries.

Subsequently, the total financial assistance from the Gulf countries reached $30 billion between July 2013 and December 2016. In 2011, Gulf countries (Kuwait, Qatar, Saudi Arabia, and the UAE) pledged an exceptional financial support to Morocco and Jordan of $5 billion to each, to be spent in the span of five years. The same pledge was made in 2016 by the Gulf countries with special financial assistance estimated at about $4 billion. Finally, these same Gulf countries granted Yemen $4.7 billion in 2012-2014 (i.e. before the war), of which Saudi Arabia provided almost half ($2.2 billion).

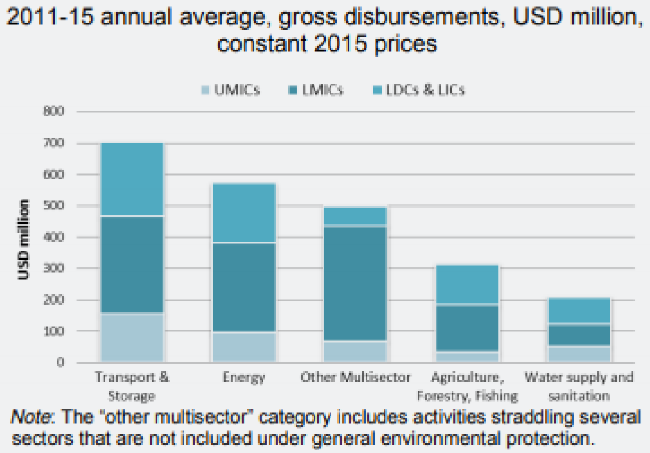
National and regional financial institutions provided almost 30% of their development assistance during the period 2011-2016 to countries in which the Arab Spring took place. Egypt alone benefited from half of this assistance. This financial development assistance marked an annual growth rate of 68% in comparison with the situation prior to the global financial crisis. The Islamic Development Bank ranked first among the contributing financial institutions, accounting for 39% of the total development assistance, followed by The Arab Fund for Economic and Social Development (22%). For their part, national financial institutions concentrated their financial assistance on Egypt (Saudi Fund and Kuwait Fund) and Jordan (the case of the Abu Dhabi Fund).

It must be noted that less than one fifth of Arab development assistance (19%, as shown in Figure 3) was allocated to non-Arab countries, particularly sub-Saharan Africa (11% of total Arab development assistance).

2.5 Sectoral Distribution of Arab Development Assistance

Five sectors account for 78% of the development assistance provided by the eight largest donors from Arab countries and financial institutions (Figure 11).

Figure 11 Five main sectors for total Arab ODA



Source: OECD, 2017.

The transport and storage sector is top priority (24%), followed by the energy sector (19%), agriculture, forestry and marine fishing (11%), and mining and construction sectors. The remaining 17% goes largely to urban development (Figure 11). It should be noted that the interest of national and regional Arab financial institutions is not limited to funding sectoral activities, but rather supports economic reform programs. The Arab Monetary Fund directs its interventions exclusively to support the balance of payments and structural adjustment programs, similar to global interventions of the International Monetary Fund.

2.6 Evaluation Notes for Arab Development Aid

There is no doubt that Arab development cooperation has positive aspects, the most important of which being its effective contribution in financing a number of projects in the basic sectors in Arab countries, as well as their contribution to reducing the suffocating pressure countries are suffering from and contributing to building the human and institutional capacities of those countries. Bilateral government assistance is mostly devoted to covering the deficit in the general budgets of recipient countries and meeting their external commitments. The national and regional Arab financial institutions also affirm their support to the recipient countries to achieve the sustainable development goals adopted by the United Nations in September 2015 to replace the Millennium Development Goals, and they affirm their commitment to respect the development priorities of the beneficiary countries, including projects in various economic and social sectors.

However, Arab development cooperation has clear geopolitical dimensions that limit its developmental capacity and serve primarily the strategic and economic interests of the donor countries, namely the Gulf countries in the Arab case.

Recently, it could be noted that the strategy of Saudi Arabia - the largest Arab donor to development assistance - in the Arab region has been to contain the Arab Spring and its aftermath, which is considered a real threat in the short and medium term to the internal stability of conservative monarchies in the Arabian Gulf, as well as to their long-term survival. The Arab Spring also enabled the Muslim Brotherhood to gain power in a number of Arab countries, posing a clear threat to Wahhabism, one of the founding pillars of Saudi Arabia (See Ennis C.A. and Momani B, 2013).

In addition, eastern Saudi Arabia, Bahrain and Oman have known popular protests that have alarmed the rulers of the Arab Gulf countries and prompted them to intervene, whether in the Gulf (the case of Bahrain) or in other Arab countries that have known widespread popular uprisings. This explains the concentration of development assistance on specific countries - Egypt, Jordan and Morocco - the latter two being hereditary monarchies. On the other hand, the least developed countries (Sudan, Palestine, Somalia) or those having political orientations contrary to those of the GCC countries do not receive the same care and attention.

Religious considerations (spreading of the Wahhabi doctrine), along with economic motives, are a key factor in guiding Arab development aid - especially through the Islamic Development Bank - to sub-Saharan Africa, and in particular to Senegal (see Robert A.C., 2017).

On another front, the attention paid by Arab countries on the one hand, and national and regional financial institutions on the other, to what has been referred to as "the structural economic reforms", and their involvement in the "Deauville Partnership" indicates the insistence of Arab donors on continuing to fund neoliberal policies (policies based on economic liberalization, privatization and macroeconomic stability). These policies demonstrated their failure as they were one of the principle reasons behind the eruption of the Arab revolutions in 2010-2011. Moreover, despite the commitment of the "Deauville Partnership" to promoting the values of democracy, freedom and common prosperity, it conditions the delivery of development assistance upon the recipient countries' commitment to "market economy ... and the integration in the regional and global economy through the development of trade and the attraction of foreign investments in the region" (see Ben Mustapha, A., 2016)

On the other hand, the inability of Arab countries and donor financial institutions to meet their obligations to recipient countries due to fluctuations in the prices of petroleum products in the world market, substantially impedes the effectiveness of development assistance and hinders development. Subsequently, beneficiary countries are forced to take measures that burden vulnerable and middle-income groups such as reducing public spending or increasing tax pressure.

Finally, the support of donor countries and Arab institutions for particular countries, especially those in which the counterrevolutionary forces were able to regain their reins of power (Egypt, in particular, where authoritarianism was strongly restored after the Muslim Brotherhood was overthrown), shows that no consideration is given to human rights and good governance which are advocated by the Global Partnership for Development Effectiveness.

3. Arab Regional Integration Experiences: The Case of the Arab Gulf Council and the Arab Maghreb Union

3.1 GCC: Achievements and Failures

3.1.1 Origin:

The GCC was established in 1981 by the United Arab Emirates, Saudi Arabia, Qatar, Bahrain and Kuwait, as well as the Sultanate of Oman. Security considerations (especially after Khomeini's revolution in Iran and the presence of military fleets and foreign bases in the region) and the regional challenges were the main reasons for accelerating the establishment of this union. In addition, oil wealth had become the focus of attention of regional and international powers and threatened to make Gulf Arab states vulnerable to political ambitions.

The conditions for unity, including that of a "one-religion nationalism," a common cultural heritage, common values, customs, traditions, and political systems, became available. These conditions were reinforced in the geographical area that spreads across the coastal desert that embraces the inhabitants of this region, facilitating communication and transport between them and creating a bond and a homogeneity in identity and values. Economic challenges made it necessary to overcome small entities to face international competition and meet the aspirations of the peoples of the region for comprehensive development. For all these reasons, the GCC countries agreed to establish a comprehensive regional integration of the economic, social and political sectors. The economic aspect was given priority through the adoption of the unified economic agreement (approved by the Supreme Council in November 1981). The agreement outlines the joint economic action plan, the stages of integration and economic cooperation among the GCC States in the manner of the European Union. The unified economic agreement includes in particular:

- **The achievement of economic citizenship of GCC citizens,**
- **The achievement of the gradual economic integration among the GCC States, starting with the establishment of the free trade zone, followed by the customs union, the completion of the common Gulf market, the establishment monetary and economic union and the creation of the necessary joint institutions,**
- **The convergence and unification of systems, policies and strategies in the economic, financial and customs fields,**
- **Linking the infrastructure of GCC countries, especially in the areas of transportation, electricity and gas, and encouraging the establishment of joint ventures.**

3.1.2 Structures:

Unlike other regional groups where supranational institutions play a central role, governments within the GCC control the decision-making process. The institutional and organizational structure consists of the following basic entities:

- **The Supreme Council, which includes heads of states and meets twice a year. The Supreme Council sets the principal policy of the GCC, determines its main trajectories and appoints the Secretary General of the Council. Decisions within the Supreme Council are taken by the consensus of the Member States present on substantive matters, and by the majority in procedural matters.**
- **The Ministerial Council, composed of the Ministers of Foreign Affairs of the Member States, meets once every three months to propose policies, make recommendations, studies and projects. Several committees were set up at the ministerial level (finance, economic cooperation, education, health, social and labor issues) to prepare studies and propose recommendations to the Supreme Council.**
- **The General Secretariat of the Council which represents the administrative and executive body of the Council, prepares the meetings of the Supreme Council and the Council of Ministers and prepares studies and reports for this purpose. It also prepares studies on cooperation and reports and ensures the implementation of decisions and recommendations of the Supreme Council and the Ministerial Council by Member States. In accordance with the statute of the Council of Cooperation, the Secretariat enjoys full independence and a special budget in which Member States contribute equally. The General Secretariat of the Council is in this sense akin to the European Commission within the structures of the European Union (which also includes the Council of Ministers, the European Parliament and the European Court of Justice).**

It should be noted that the Council has specialized bodies charged with the design and implementation of technical standards, commercial arbitration and patent registration.

3.1.3 Some achievements

- **Free Trade Zone (1983-2003)**

The GCC was able to establish a free trade zone by gradually easing trade restrictions until all barriers, tariffs and non-tariff restrictions among member states were eliminated. These procedures apply to goods produced in the Gulf. The following factors facilitated the transition to free trade (see Gulf Center for Strategic Studies, 2011): Allowing citizens of member states to engage in retail and wholesale trade by 1990, allowing GCC institutions and production units to open trade representation offices in any Member State, as well as approving the founding of the Commercial Arbitration Center and the establishment of a standardization body (2002).

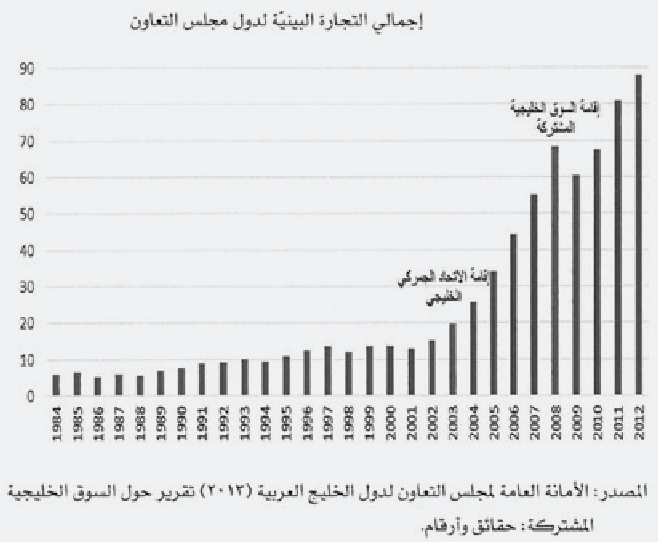
- **Accelerating economic integration efforts at the beginning of the third millennium**

With the advent of the third millennium, the GCC approved a new version of the unified economic agreement (2001) which included provisions or developed existing provisions such as those pertaining to the Customs Union, the GCC Common Market, the Economic and Monetary Union and the cooperation in the field of infrastructure and human resources development.

- **GCC Customs Union (2003)**

The establishment of the Customs Union is considered an important step towards the achievement of economic integration, which has not yet been initiated in the context of joint Arab economic action, despite the achievement of the Greater Arab Free Trade Zone in 2005. An agreement was made to unify the customs tariff of the GCC Customs Union and fix it at 5%, apply specifications and standards and adopt one point of entry. After the establishment of the Customs Union, Member States were also empowered to protect national industries, through anti-dumping and precautionary measures. A significant increase was recorded in intraregional trade, which reached $19.9 billion in the first year of the establishment of the Customs Union. This was the highest value of the total volume of inter-GCC trade achieved since the establishment of the Council in 1981 (Gulf Center 2011 and Figure 12).

Figure 12



- **The Initiation of the Gulf Common Market (2009)**

The launch of the GCC Common Market aims to transform the entire GCC region into an open market without any obstacles, and geographical or taxation barriers to the movement of goods, services, capital and labor across the borders of the GCC countries. Moreover, it aims to diminish differences between economic, monetary, financial and banking policies, and to liberate the trade of commodities and services in general and the movement of production elements. Perhaps the most important positive impacts expected from the establishment of the common market is the facilitation of the transition of the Gulf region from a global supplier of crude oil to a global center for energy- and capital-intensive industries, the most important being the oil refining industry, and petrochemicals, steel and aluminum production.

However, there are two main obstacles to the achievement of the common market. The first is the need to create the infrastructure for economic integration, especially in the areas of road, marine and skid transport, in addition to electricity interconnection. The second is the coordination of monetary policies, as well as the control of inflation.

- **Monetary Union and the Unified Currency (2010)**

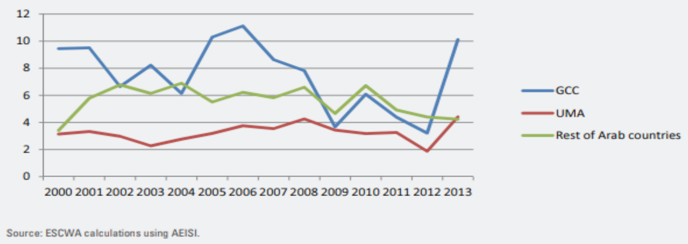
The establishment of a monetary union is considered a necessary step to move from the stage of the common market to the stage of economic union. The creation of a monetary union and the issuance of a unified GCC currency would positively affect economic sectors such as intraregional trade and tourism, as well as investments in financial services and financial markets. The risks associated with the exchange rates of Gulf currencies will also disappear as a result of unifying the currency. However, the decision of the UAE not to participate in the monetary union and the withdrawal of Oman from the implementation of the single currency, in addition to Kuwait's decision to convert its dollar peg to a basket of currencies delayed the adoption of the single currency, which was scheduled to start in 2010.

3.1.4 Gulf integration failures

Weak intra-GCC trade: Intra-GCC trade remains limited despite the improvement recorded during the first decade of the 21st century (Figure 12 above). The proportion of inter-GCC imports compared to the total imports of the Maghreb countries slightly exceeded 10% only in 2006 (Figure 13). The proportion of inter-GCC exports compared to the total exports of these countries did not exceed 10% during the same period (Figure 14)

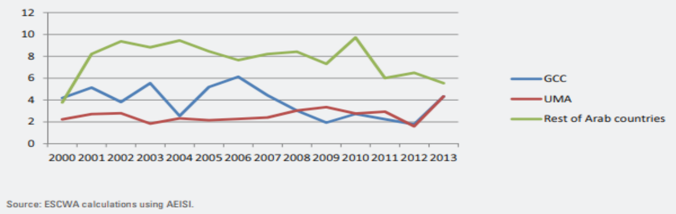
These percentages do not amount to the levels reached by other regions of the world such as the Association of Southeast Asian Nations (23%), the North American Free Trade Area (41%) and the European Union (57%).

Figure 13 Intra-subregional imports (percentage of total imports)



Source: ESCWA, 2015.

Figure 14 Intra-subregional exports (percentage of total exports)



Source: ESCWA, 2015.

The weakness of intra-GCC trade is due to the similarity of productive structures instead of their complementarity. The weakness of productive capacities (industry, services, agriculture, information technology, knowledge production) reduces opportunities for trade between GCC members. This highlights the negative effects of excessive concentration on oil as a key driver of engagement, and the weakness of production capacities (industry, services, agriculture). The persistence of obstacles to the smooth transition of goods within the framework of the Customs Union limits the importance of intra-GCC trade. These obstacles range from the hindrance of the movement of goods between the countries of the Customs Union through the re-inspection of trucks, to the imposition of different duties on goods that move between the Gulf countries, and the discrimination against the Gulf people in favor of citizens in the application of health conditions on some commodities and food products, as well as the postponement of the activation of the common anti-dumping system (Al-Obeidly, 2013. GCC Common Market: Challenges and Future Prospects, BISC).

In terms of investment, GCC foreign investment remains modest amounting to 12% compared to 69.2% for the EU, 54.2% for East Asia and 38% for Central and South Asia (Table 5). On the other hand, the transfer of capital between the GCC countries did not lead to investment in the productive sectors, but was directed mainly to securities, resulting in intense speculation, which by its turn led to financial bubbles that ended up recording huge losses in capital markets (Gulf Center for Strategic Studies, Ibid.). Real estate has also been a favorite choice for Gulf investors. The real estate boom in the Gulf has led to a host of other economic propellants such as stock markets, and the hospitality and tourism sectors.

Table 5

Counterpart Region (Investment from)	Reporting Region (Investment in)								
	European Union	North Africa	Sub-Saharan Africa	North America	South America	Economies of Arab Gulf	Other Near and Middle East Economies	Central and South Asia	East Asia
European Union	8,140,828		231,206	1,963,304	525,569	-95	14,738	447,314	398,250
North Africa	9,636		1,087	-306	10	2,763	0	628	230
Sub-Saharan Africa	85,971		42,010	7,911	2,019		124	103,240	31,239
North America	2,006,725		48,481	810,383	213,571	165	25,352	180,757	214,180
South America	92,616		460	35,465	41,685		298	216	1,104
Economies of Arab Gulf	93,768		9,777	7,387	352	17,710	1,676	16,070	2,937
Other Near and Middle East Economies	43,524		12,903	9,905	235	41	162	3,017	729
Central and South Asia	103,531		63,618	40,814	2,840	1,044	1,972	235,761	160,336
East Asia	328,883		38,390	395,356	51,161	5	310	287,657	1,678,798

Source: Regional Investments flows

On another level, some of the achievements mentioned in the official statements of the General Secretariat of the GCC and other central institutions have not been fully implemented. This gap is mainly due to the lack of commitment on the part of the governments concerned with the decisions of the Supreme Council. For example, if a job is offered in a member state of the Gulf Council, the job is limited to nationals of that country, which is in violation of the laws of the GCC common market. The role of supra-national institutions charged with tracking the implementation of integration steps remains limited, particularly for the Secretariat, whose role is primarily advisory and administrative, rather than executive or supervisory. On the other hand, the European Commission plays the role of a "policeman" and is charged with fining whoever violates the law based on a transparent and objective investigation, and in coordination with the European Court (Al-Obaidli and Ghada, A., 2016. GCC Economic Integration - Recommendations based on the international community's experience in activating international conventions., No. 98, April).

Finally, the neoliberal approach to economic integration along the lines of the European Union, which is based primarily on market mechanisms, turns investors and traders into the biggest beneficiaries of the Gulf economic unity. The high levels of unemployment in the region (more than 20% in some Gulf countries) point to the absence of positive effects in the form of "spillover effects" of this integration. The dire situation of migrant workers, who make up a large proportion of the population in the region (81% of the UAE population, 63% in Kuwait, 72% in Qatar, 51% in Bahrain, 31% in Oman and 28% in Saudi Arabia) remains a major challenge with respect to upholding the most basic human rights within the Gulf region.

3.2 Arab Maghreb Union

3.2.1 Origin and objectives

The idea of establishing the Maghreb Union dates back to pre-independence and was developed by representatives of the Moroccan Istiqlal Party, the Tunisian Constitutional Party and the Algerian National Liberation Front at the first conference of the Maghreb parties held in the Moroccan town of Tangier in 1958. While there were attempts to create the Union Among the Arab Maghreb countries during the 1960s - especially in 1964 with the establishment of the Consultative Committee for the Maghreb to strengthen relations between the Arab Maghreb countries, the official launch of this regional bloc only took place in the city of Marrakech in 1989, where

an agreement to establish the Arab Maghreb Union was signed by Morocco, Algeria, Tunisia, Libya and Mauritania.

The Treaty establishing the Union of the Maghreb provides for the achievement of several objectives, the most important of which are "the strengthening of brotherhood between the members and their peoples", "the progress and prosperity of their societies", "the adoption of joint policy in various fields" and "the gradual realization of the freedom of movement of persons and the movement of services, goods and capital between them". The common policy has focused on cooperation at the international level and in the defense of the independence of Member States. It also focused on achieving industrial, agricultural, commercial, social and cultural development.

3.2.2 Structures

- **Presidency of the Union: The Presidency Council of the Union consists of the heads of Member States, and is the highest body in the Union. It has the exclusive right to take the decisions, which is done unanimously. The Presidency Council meets once a year.**
- **Council of Foreign Ministers: This Council includes foreign ministers in the countries of the Union and performs several tasks such as the preparation of the sessions of the Presidency Council and the preparation of studies commissioned by the Presidency Council.**
- **Follow-up committee: It is composed of members appointed by governments to follow up on the affairs of the Union. It is also considered the follow-up body for the implementation of the decisions of the Union and a mechanism for activating unitary work. To this end, the Follow-up Committee meets periodically with the Secretariat to assess progress, identify obstacles and propose solutions.**
- **General Secretariat: The General Secretariat is tasked with implementing the decisions of the Presidency Council and the preparation of research and studies. It also contributes to the preparation of the executive plans of the Union's action plan in coordination with the Follow-up Committee.**
- **Shura Council: It consists of members selected from the parliamen-**

tary bodies of Member States. The Shura Council holds a regular session every year and comments on the projects and decisions referred to it by the Presidency Council. It may also submit recommendations to the Presidency Council.

3.2.2 Conventions

The Maghreb countries have signed about 30 agreements that concern a number of areas, including but not limited to: the declaration of the establishment of the Maghreb Free Trade Area between the countries of the Maghreb Union (1994), the Agreement on Rules of Origin (1994), the Trade and Tariff Agreement (1991), The Social Security Convention (1991), the Maghreb Charter for Environmental Protection and Sustainable Development (1992), the Convention on Mutual Judicial Organization, the Convention on Cultural Cooperation, the Convention on Maritime Cooperation, etc. However, only six agreements were ratified; they include the establishment of the Maghreb Bank for Investment and Trade (2002), the agreement for exchange of agricultural products (1993), the Convention for the promotion and protection of investments, and the Convention on the land transport of passengers and goods and transit.

3.2.4 Obstacles

Even though it was established nearly thirty years ago, the Maghreb Union is still in a state of stagnation and weakness. This is reflected in the level of intra-Arab trade among the member states of the Arab Maghreb Union, which is only 3%, the lowest level of commercial integration in the world. It is also much lower than that of other regional groups in Africa (9.2% for the Economic Community of West African States, 11.2% for the South African Development Group) or globally (15% for the West African Economic and Monetary Union, 21% for the Association of Southeast Asian Nations and 65% for the European Union). There are several reasons for the failure of the Arab Maghreb countries to achieve economic integration, which is an urgent aspiration for their peoples and a historic and vital need for their advancement. The most important impediments to the success of the Maghreb Union can be divided into three categories: political, economic, and institutional.

- **Political Obstacles to Building the Maghreb Union**

Political obstacles are one of the main reasons for the deadlock that the Maghreb Union has known for almost 30 years. This is mainly due to the continuing tension between

Morocco and Algeria, especially with regard to Algeria's opposition to Morocco's reclaim of the desert from the Spanish colonizers, as well as the closure of the land border between the two countries since 1994. Therefore, finding a satisfactory and acceptable solution for all parties is an essential entry point to give a new impetus to the Maghreb formation. On the other hand, the civil war that has been going on in Libya for years has not helped in any form the cooperation between the Arab Maghreb countries and has negatively affected the stability of neighboring Tunisia.

One of the repercussions of this political stalemate of the Maghreb project was that the Maghreb countries unilaterally tended to establish economic relations with their regional environment, ignoring their neighbors in the Maghreb. Morocco has submitted an official request to join the Economic Community of West Africa and signed an agreement with Nigeria to extend West Africa's gas supply line to Spain. Tunisia, which might be followed by Algeria, is also joining the Common Market for Eastern and Southern Africa (COMESA). For its part, Mauritania has joined the Group of Five of the Sahel African countries.

- **Economic Barriers**

The most important economic barriers facing the creation of the Arab Maghreb Union are the similarity of economic structures and the absence of integration between the economies of its member countries. The liberal economic choices of Morocco and Tunisia and their choice to focus on relations with the EU have given priority to specialization in labor- intensive exports so that they compete to maximize their share of the European market for these products (especially for the textile and clothing industry) as well as to attract foreign investment. This trend has been reinforced by the European Union's insistence on dealing with the Arab Maghreb countries on a bilateral basis because this strengthens its bargaining power with them. This bilateral approach is particularly reflected in the European Neighborhood Policy based on the EU's interaction with the Maghreb countries separately. In other words, the priority given by the Maghreb countries to their vertical economic relations with the European Union marginalizes South-South horizontal economic cooperation. The absence of integration between economic structures is reflected in the clear difference between the structure of exports (or supply) and demand in the Maghreb region. This dissonance exacerbates the weakness of diversification at the level of the economic fabric, especially for Algeria, Libya and Mauritania.

Finally, the Maghreb's economic space suffers from the inappropriateness of the infrastructure, especially for ports and maritime links between the countries of the region.

- Constraints of an Institutional Nature

The concentration of all decision powers in the hands of the Presidency Council is a real obstacle to the normal functioning of the Union and is accompanied by the weakness of the institutions of the General Secretariat and the Shura Council. The Presidency Council has not met since 1994. In addition, the Maghreb Union suffers from the top-down approach on which it was based with the absence of any popular participation or spaces that enable the involvement of civil society institutions and active forces in Maghreb societies.

3.2.5 The Cost of "non-Maghreb" (or the cost of not building the Arab Maghreb Union)

A number of analysts have referred to the loss of profits or benefits that are denied to the countries of the Maghreb Union due to the stalemate it suffers from. If the cost of the non-activation of the Maghreb Union is essentially economic, we should not forget its political and security dimensions.

- **Economic Cost of "Non-Maghreb"**

The economic cost of "Non-Maghreb" is assessed in view of the volume of unachieved trade between the Maghreb countries due to the persistence of the obstacles mentioned above, particularly with respect to logistics and tariff and non-tariff barriers. A 2017 study by Azzam et al. shows that the volume of bilateral trade in the Maghreb has not exceeded 6724.06 billion dollars in 2015, i.e. it did not exceed 27.4% of the probable (or possible) size which is estimated at 2451.67 billion dollars. The same study predicts a significant improvement in the levels of intra-OIC trade, which could reach 11.8% of the total foreign trade of the Maghreb countries and 6.4% of the gross domestic product, which is three times the rate recorded in 2015 (3.6% of the total foreign trade and 2.05% of the region's gross domestic product).

This remarkable increase in intraregional trade, which is conditional upon removing the various barriers to Maghreb integration, remains nevertheless limited if we compare it with the levels of commercial integration in other regions of the world, as for instance in

Asia, Europe, Latin America, and even Africa. This once again underscores the shortcomings and limitations of economic integration based on free trade in the absence of diversified economic structures in which industry is central because of the direct and indirect implications on the economic fabric. This is linked to the adoption of a transformative approach to regional integration based on cooperation and the coordination of trade and industrial policies, the achievement of infrastructure jointly and the adoption of progressive social policies.

- **Political and Security Costs**

The lack of achievement of the Maghreb Union as a historical and strategic necessity may contribute to aggravating the situation in the Maghreb countries, which suffer from deprivation, social impotence, prevalent unemployment among young people and the widening of class and geographical differences. These conditions are further exacerbated by the deep crisis affecting the countries of the European Union, which has negative effects on the countries of the Maghreb Union. In addition, the stalemate in the Maghreb Union leads to an increased arms race between Morocco and Algeria, at the expense of beneficial investments in economic and social development. For example, military expenditures reached a record high of 6.24% in 2015. On the other hand, mistrust and the lack of coordination between Morocco and Algeria, especially in the fight against terrorism, increases security risks on the borders of the two countries bordering the Sahel, where extremist terrorist groups are active.

4. The Possibility of a Hegemonic Tendency

Global crises and widening differences in recent decades have revealed the negative aspects of South-South cooperation. While development assistance policies adopted by emerging countries towards the countries of the South are based on principles of solidarity, they nevertheless seek to achieve the emerging countries' strategic objectives. The presence of rapidly growing forces in a regional environment made up of poor countries can provide space for cooperation and mutual benefit, but the interests of the two parties do not necessarily meet in all cases. Therefore, the policies and practices of emerging countries should be monitored, away from official rhetoric. This concerns, in particular, the conditional (or tied) assistance (ROA, 2016, Country Case Studies on S/S Cooperation, CPDE, p14), as well as the risk of falling into the trap of indebtedness, transparency and mutual accountability through elected representatives and serious civil society organizations at the national and local levels.

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