

# Middle East — Achieving Regional Stabilization through Inclusive Development

The political protests of 2011 in the Middle East brought about a new nation- building movement following democratic elections in some countries. However, some development issues like unemployment and poverty that were the background for the turmoil still exist. Additional political and economic turmoil might be taken place in this region if these situations are overlooked. Since Japan relies on the Middle East as the provider of 90% of its crude oil, peace and stability in this region is important for the security of Japanese economy.

JICA is working on achieving peace and stability in the Middle East through support for democratization and nation- building under the concept of inclusive development that yields benefits for all segments of citizens, along with continuous efforts for peace-building and reconstruction.

**Key Aid Strategies**

**Supporting Democratization, Employment and Industrial Development, Human Resources Development, and Peacebuilding and Reconstruction**

The Middle East has undergone continual conflicts in its history, such as the Arab-Israeli War, Gulf War and Iraq War. Since the Middle East occupies a crucial position as an energy resource for the world, peace and stability of this region is a major issue not only for Japan but also the entire world.

Political protests in Tunisia in January 2011 swiftly spread to other countries in the region like Egypt, Yemen, Libya and Syria. The public’s dissatisfaction with unemployment and social disparities soon expanded to the demand for democratization, which made the region politically unstable.

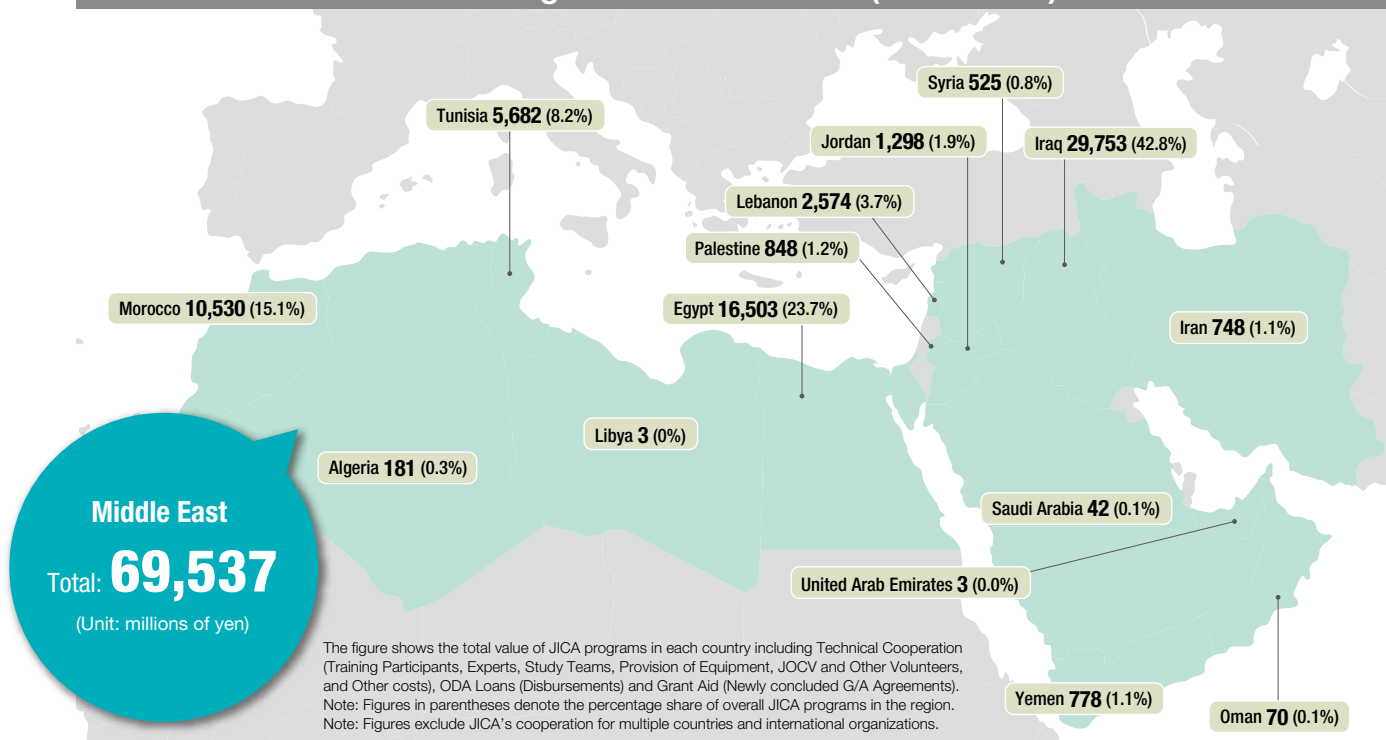
New nation-building movements like the selection of new leaders through democratic elections have occurred in many countries including Tunisia, Egypt, Morocco, Jordan, Yemen and Libya. However, a tumultuous situation still continues in

Syria that makes outlook of the region unclear.

High unemployment, among the young people above all, is a serious problem in these countries. Moreover, the negative economic impact of political turmoil, like the severe blow to tourism and other key industries, can not be overlooked. Dissatisfaction among people with this situation is likely to be a source of instability for the entire region.

In response to these movements, the Government of Japan has announced measures to support the Middle East and North Africa that are centered on three major pillars; 1) support for “fair political process and government” through institutional transition and advancement of reforms; 2) support for “job creation and fostering of industries” in order to resolve the serious unemployment problem; and 3) support for “human

JICA Programs in Middle East (Fiscal 2011)





resource development” for economic revitalization and stabilization.

Japan has gained the confidence of Middle East countries by adhering to neutral stance regarding this region. While utilizing this position, JICA will continue to conduct activities in coordination with international community mainly focusing on; 1) support for democratization; 2) job creation and fostering of industries; 3) human resource development that matches local needs of each country; and 4) peace-building and reconstruction (Iraq, Palestine, Yemen, Libya and other countries).

## Country Overviews and Priority Issues

### Iraq

The repeated conflict and economic sanctions that Iraq has suffered since 1980 have led to the destruction of much of the country’s economic and social infrastructure and impoverished the country. Today, many Iraqis are still living in abysmal conditions with shortages of electricity and clean water. However, Iraq has one of the world’s largest oil reserves and there is enormous demand for infrastructure because of the country’s high economic growth rate and population of more than 30 million. Due to the country’s significant potential as a market, another important issue is the creation of an environment in which the private-sector can be utilized.

In order to meet Iraq’s massive reconstruction and development needs, JICA has provided assistance in the

following four priority areas: 1) Strengthening the foundation for economic growth (improving production and export capacity for oil and gas, improving agricultural productivity); 2) Energizing the private sector (electric power reconstruction, transportation and telecommunication infrastructure); 3) Improvement of the quality of life (water supply and sewage systems, improving the quality of medical care and education); and 4) strengthening governance (building a foundation for administration and developing human resources).

Since the end of the Iraq War, JICA used 15 ODA Loans totaling ¥364.6 billion to support infrastructure projects that are vital to the country’s economic revitalization. In addition, JICA has used Technical Cooperation for training programs for around 5,000 people in Iraq.

In August 2011, JICA started Technical Cooperation for the agricultural sector, which is important with respect to industrial diversification, job creation and other goals. This cooperation included sending Japanese experts to Iraq for the first time since the Iraq War ended. In November 2011, the Government of Japan pledged to provide new ODA Loans to Iraq totaling ¥67 billion for four projects: two projects for oil and gas, Iraq’s core industry; one project in the telecommunication sector, which is vital to energizing the private sector; and one project in the health sector to improve the quality of life of the Iraqi people. As a result, Japan expects to achieve the US\$3.5 billion of ODA Loans that the country announced at the 2003 Iraq Reconstruction Conference.

To further strengthen support on a local level, JICA opened

### Case Study

### Basrah Refinery Upgrading Project

## Improving Quality and Lowering the Environmental Impact by Using Japanese Technologies

**The oil industry is vital to Iraq, accounting for about 70% of the country’s GDP and about 90% of government revenues as well as serving as a source of foreign currency. However, oil refinery capacity has plummeted because of conflicts and economic sanctions since the 1980s. Currently, Iraq’s refineries are operating at about 70% of capacity.**

**JICA is using ODA Loans to provide assistance that includes upgrading large refineries.**

Even though Iraq is an oil-producing country, the nation is forced to import gasoline and other petroleum products from other countries because of the effects of wars and economic sanctions. Expenditures for these imports are exerting pressure on the government budget. There is an urgent need to upgrade refineries in Iraq, which has massive recovery and reconstruction needs. Improving refineries will prevent outflows of foreign currency to buy imports of petroleum products and earn foreign currency through exports of petroleum products from Iraq.

JICA is using an ODA Loan to assist in the construction of a new plant at the Basrah

refinery, which is one of the largest in Iraq. The main element of the plant will be a fluid catalytic cracking (FCC) unit. Building this plant will boost the refinery’s productivity and the quality of its products. For example, daily gasoline output will rise by 20,000 barrels. Another benefit will be a lower environmental impact. This is the first use of a FCC unit in Iraq. The design stage is almost finished and Japanese companies are expected to implement this program by applying the Special Terms for Economic Partnership (STEP).

The Government of Iraq is placing priority on development of the oil industry and wants to upgrade and build many refineries. The

government has great expectations for technologies of Japanese companies. Programs that link Japanese technologies with the reconstruction needs of Iraq would have a significant impact on the country’s economy. As a result, these programs are attracting much attention among Iraqi government officials as well as members of the Japanese business community.



The Basrah Oil Refinery

its office in the capital of Baghdad in August 2011. JICA is providing extensive reconstructive assistance by talking directly with government officials in Iraq and through project site visits and other activities.

## ■ Palestine

In 2006, the Japanese Government proposed the Corridor for Peace and Prosperity concept as a medium- to long-term framework for future co-existence and co-prosperity of Israel and Palestine. This concept is based on the idea that a “two state solution” is crucial to achieving peace between Israel and Palestine. The framework is intended to strengthen the socioeconomic foundation of the Palestinian Authority in order to ensure a smooth transition to economic independence for future statehood, while building trust with neighboring countries through regional cooperation among Palestine, Israel and Jordan. Working towards realizing the Corridor for Peace and Prosperity concept, JICA is providing Technical Cooperation for improving agricultural technologies and supporting the promotion of sustainable tourism and boosting small and medium sized enterprises (SME), assisting the Agro-Industrial Park located in the Jericho area through Technical Cooperation, and constructing related infrastructures.

Furthermore, from the perspective of supporting future nation-building of the Palestinians, JICA is extending support for human resources development and institution building in the following seven priority areas in accordance with the Palestine National Development Plan: 1) SME Development and Trade Promotion; 2) Agriculture; 3) Tourism; 4) Local Governance; 5) Finance; 6) Water and Sewage; and 7) Maternal and Child Health.

Since 2011, JICA has been enhancing collaboration with East Asian countries, especially Indonesia and Malaysia, for capacity development of the people of Palestine. Working with these countries allows providing many types of assistance that utilizes the experiences of East Asian countries concerning economic and social development and their resources. Expectations are increasing on both of the Palestine and Eastern Asian sides for this approach that helps increase the number of actors that can contribute to peace in the Middle East.

## ■ Egypt

In February 2011, long-time Egyptian President Hosni Mubarak resigned as a result of the democratization demonstrations that started in January. After the collapse of the Mubarak administration, Egypt’s constitution was temporarily suspended and presidential authority was entrusted to the Supreme Council of the Armed Forces. Elections for the People’s Assembly were held between November 2011 and January 2012 and Shura Council elections took place in January and February. This was followed by a presidential election in May and June and the inauguration of a new president, Mohammed Morsi. Next, the constitution will be amended. This process is expected to result in a transition from rule by the armed forces to a civilian government.

The political unrest in Egypt is said to be due to the large number of people that have failed to receive the benefits of

development despite the country’s strong macroeconomic growth. For example, youth unemployment is high and the poor face skyrocketing food prices.

JICA provides cooperation that includes sending experts to Egypt with the aim of resolving the urgent issue of establishing an equitable political system and administrative management. One activity is explanations of the electoral systems and role of the media in elections to prepare for conducting democratic elections. Helping create a master plan for a new national development plan is another form of support. In addition, JICA has for some time been providing cooperation with emphasis on sustainable growth and creating jobs, reducing poverty and improving living standards, and other goals. This cooperation is in response to political change in the country, and the importance of these issues has not changed even after the change in Egypt’s government. JICA is providing support in many ways to improve living standards in Egypt and utilize the limited supply of water effectively. There are economic infrastructure programs for transportation, electricity and other sectors, including the Greater Cairo Metro Line No. 4 Project [➡ See the Case Study on Page 117]. Assistance for human resources development includes the establishment of the Egypt-Japan University of Science and Technology (E-JUST), which will promote interest in science and technology in Egypt. Other activities include aid for school health services in upper Egypt, which has a low level of income, and wastewater quality management and reuse systems in the Nile Delta area.

## ■ Morocco

Morocco has been able to steadily achieve economic growth and reduce poverty. One reason is the implementation of economic liberalization policies since the 1990s. Another reason is the adoption since 2005 of the National Initiative for Human Development (INDH), a measure centered on human resources development for reducing poverty and eliminating regional and social disparities. As a result, there was no significant unrest in Morocco even after the political and economical movement began in 2011. However, there are still pressing issues in the country, notably high unemployment among young people and regional social disparities, which were two causes of the movement. The country is enacting measures to make improvements.

Cooperation from JICA focuses on measures to reduce regional and social disparities that are a source of social instability and to achieve sustained economic growth. The goal is to contribute to regional stabilization and balanced economic growth in Morocco. Specifically, JICA supports the development of water and sewage systems in rural areas, improvement of urban environments, construction of rural roads, regional development in Er Rachidia prefecture, and other programs. Furthermore, in cooperation with the Government of Morocco, which is an active participant in South-South Cooperation, JICA places emphasis on third-country training under its Assistance Program for Francophone African Countries. Support is provided for highway maintenance, improving agricultural machinery, assisting small fisheries, and in other sectors.

## Tunisia

In Tunisia, longstanding President Zine El Abidine Ben Ali stepped down from office on January 14, 2011. The political unrest in which citizens went into the streets to force the president out of office is called the Jasmine Revolution, taking the name of Tunisia's national flower. This led to subsequent pro-democracy movements in nearby countries.

Holding elections was an urgent issue following this revolution. JICA sent election experts to Tunisia, held seminars on political contributions, election systems and the role of media in elections, and conducted other activities. For the constituent assembly election in November 2011, the head of JICA's Tunisia office and other staff members were part of an election monitoring group provided by the Japanese government. Election oversight was performed for voting, ballot counting, compliance with rules, and ensuring the transparency, fairness and efficiency of election operations. This support helped Tunisia hold a fair and transparent election.

The Jasmine Revolution was triggered by the self-immolation suicide of a young man without a job. Tunisia has a high unemployment rate, particular for younger people, and unemployment is particularly severe for individuals with higher education levels. The issue is that industries have yet to advance sufficiently to create employment opportunities for these individuals. Furthermore, the areas where the first

demonstrations broke out are rural areas with higher poverty levels than in Tunis, the capital. Therefore, it is also necessary to address the issue of rectifying regional disparity.

JICA provides assistance for developing Tunisia's industries, mitigating disparity, and preserving the environment. Specifically, in addition to using ODA Loans for economic infrastructure such as railways and roads, JICA constructs higher education institutions and research institutes, provides science and engineering training, and supports local economic promotion programs.



JICA personnel were part of the election monitoring group from Japan for the Tunisia constituent assembly election.

### Case Study

## The Political Movement and JICA Election Support

### Assistance for Creating a New Government in Egypt

**The political movement so called "Arab Spring" ended the 30-year rule of Egyptian President Hosni Mubarak. Immediately after the revolution, political power was temporarily given to the Supreme Council of the Armed Forces rather than revolutionary forces. Egypt then faced the issue of how to create a new government. It is often said that "destroying things is much easier than making them." Egypt embarked on the historic process of creating a new assembly, president and constitution. Elections were critical to determining if the event so called "Arab Spring" would truly be spring for Egypt.**

Following the February 2011 revolution, Egypt was determined to shut out unnecessary influences from other countries. The country was even cautious about accepting international assistance for elections. However, Egypt asked Japan and JICA due to Japan's political neutrality.

JICA sent election support experts to Egypt in March 2011. Next, an election seminar was held in Cairo in July. Experts from Japan explained the electoral systems, how to hold an election, the use of political funds and other subjects. The aim was to strengthen the election preparation framework, including Election Commissions and other associated agencies that had not yet been created.

In October, shortly before election day, JICA experts held a media seminar at the Egyptian Radio and Television Union (ERTU), Egypt's public broadcaster, on the themes of democratic election reporting in Egypt and the use of media for democratizing elections. In

addition, JICA supplied materials for the media center and operations room, two new functions of the Election Commissions, which is independent of the government. Equipment included computers, TV conferencing components, equipment to operate a website, and other items. Supplying this equipment helped Egypt supply voters with information about this new election, raise the voter turnout rate, and reduce the number of invalid ballots.

Due in part to the benefits of these activities, Egypt held elections in 2011 and 2012 as scheduled. The People's Assembly and Shura Council convened as planned. The Egyptian public was aware of the election results and respected these results. As a result, the people of Egypt understood that the new assemblies would

determine the future of the country.

JICA has accumulated knowledge and expertise concerning assistance for elections. This includes respecting the right of a country's residents to make their own decisions, understanding the effectiveness of a dual approach using equipment and knowledge, and understanding that media support is the key to holding a neutral and fair election. JICA fully utilized this know-how once again for assistance for Egypt.

Normally, several years are required to firmly establish reforms associated with frameworks and institutions. This is why more time will probably be needed until spring truly begins in Egypt. JICA's support for elections in Egypt is expected to lead to support for the newly formed parliament as well as for the permanent central and regional Election Commissions.



The new People's Assembly of Egypt that was chosen through a democratic election includes members who were imprisoned during the previous administration.