



Middle East and North Africa

Firmly in the grip of the autocrats

The states of the Middle East and North Africa can look back on another decade of repression and decline. The region's current rulers are determined to prevent a repeat of the Arab Spring, and what had once been a model of democratization has descended into autocracy.

The year 2020 marks the 10th anniversary of the Arab Spring. After decades of tyranny and maladministration, many Arab countries saw their publics engage in mass protests calling for democracy and social justice. And then the unthinkable happened. Within a short period, long-term dictators, such as Tunisia's Zine el-Abidine Ben Ali and Egypt's Hosni Mubarak, resigned, which were developments met with applause at home and abroad, but also disbelief.

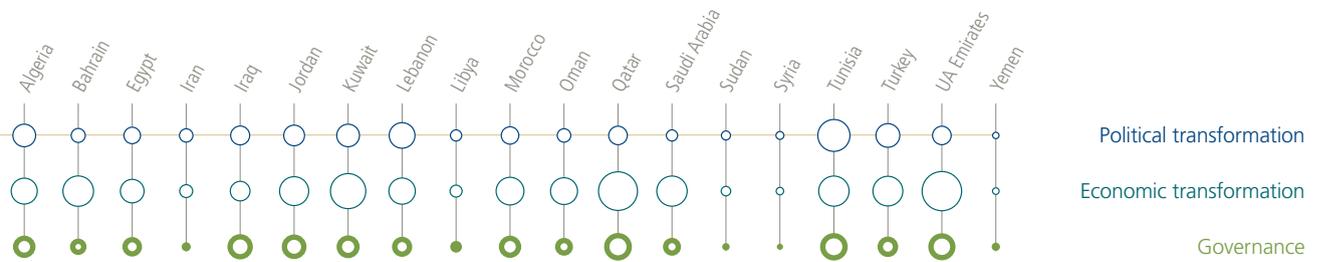
And, so, there was an element of *déjà-vu* to the reports and images from Algeria and Sudan that went around the world in early 2019. Thousands took to the streets of Algiers, Khartoum and elsewhere, protesting arbitrary rule and clientelism for weeks at a time. On April 2, 2019, Abdelaziz Bouteflika stepped down after leading Algeria for 20 years, with his Sudanese counterpart,

Omar al-Bashir, following suit on April 11, bringing a 26-year reign to an end. Both were forced from power in similar ways by their respective security forces, and both stand accused of corruption and mismanagement, while al-Bashar is also charged with being responsible for grave human rights violations committed during the Darfur conflict.

What is the likelihood that these latest changes in leadership will usher in genuine transformation? If you take the example of the Arab Spring and how it is reflected in the BTI's data and analysis, skepticism is warranted. The region as a whole can look back on a largely wasted decade in which Libya, Syria and Yemen descended into highly destructive conflicts and the Islamic State (IS) group extended its reign of terror throughout large parts of the Levant

and parts of North Africa. In Egypt, a putsch in the summer of 2013 brought the military back to power, which then proceeded to suppress the opposition with even greater vehemence than before, and many other countries scaled back the modest advances in civil liberties they had ceded in 2011 under pressure from protests. The profile of the Middle East and North Africa is now dominated by autocracies to a greater extent than at any time since the first edition of the BTI. Only Tunisia has stuck to its path of transformation, and is now the most democratic country in the region by a wide margin.

So far, political upheavals in Algeria and Sudan offer more similarities with Egypt's transformation course than with that of Tunisia. Despite movement at the top, the elites have retained their hold on



power, and their security forces continue to keep the situation under control. It is precisely this entrenched “deep state” – the power network of political, military and economic elites that pervades every institution – which has resisted the great pressure from the streets, making political transformation so difficult that it has ultimately failed almost everywhere in the region. And the current rulers, who are determined not to have their authority undermined by calls for democracy again, have fostered pervasive repression. The status of political transformation has once again reached a low point.

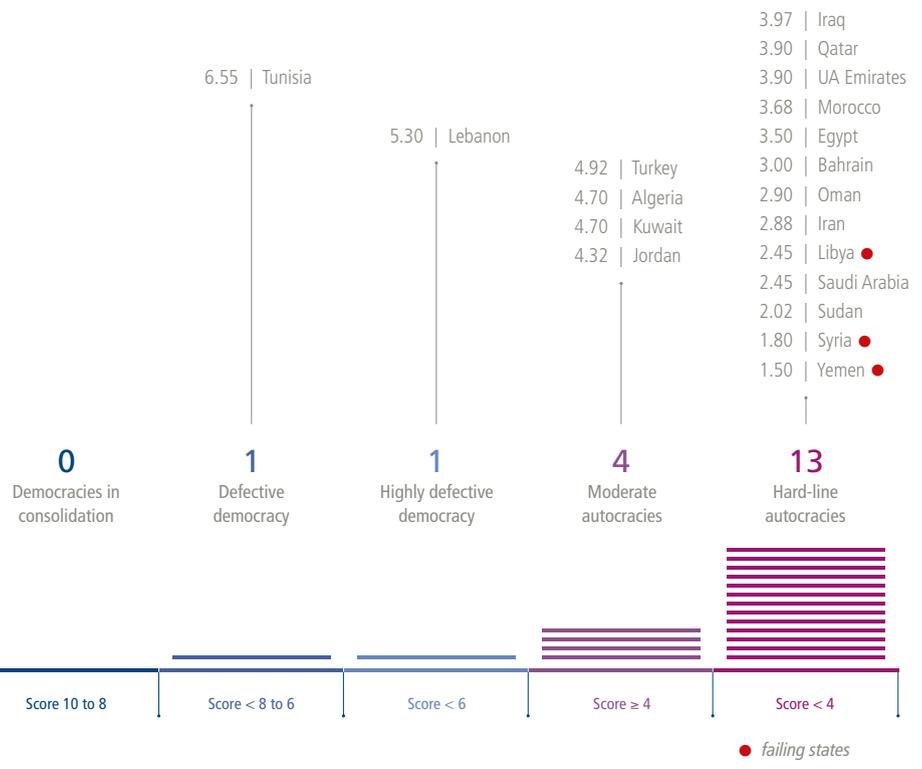
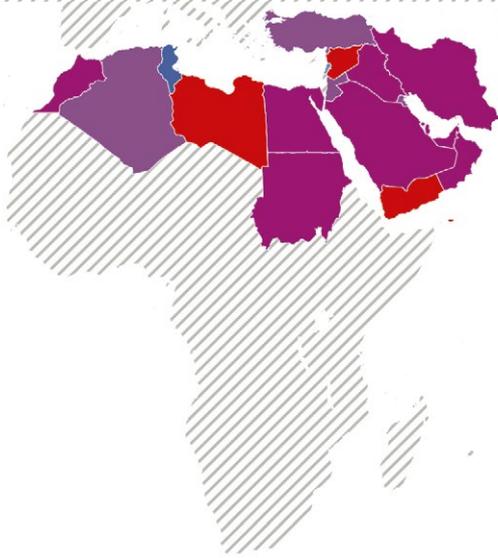
In recent years, Turkey has contributed substantially to the region’s continual downward trend in every BTI dimension. In the area of political transformation, Turkey has for the first time fallen short of mini-

mum democratic standards with regard to freedom of the press, separation of powers, and protection of civil rights, and has consequently been classified as an autocracy by the BTI. The country is now less economically stable, it features less legal security, and its BTI Governance Index score points to “weak” performance by the Erdoğan government, putting it in ninth place for the region – a significant downgrade from 2016, when Turkey was the only country in the region to achieve “good” government performance.

The BTI revealed few changes in the theaters of civil war. Libya, Syria and Yemen are still defined as “failing states” and, in Yemen, the situation has in fact deteriorated significantly since the BTI 2018. The United Nations describes the devastation in the country as “the world’s largest

humanitarian crisis.” Yemen now occupies the region’s last place in the Status Index, and in the global ranking, only Somalia performs more poorly.

In a region with endemically low levels of transformation, Tunisia is almost the sole glimmer of hope. In the area of market reform efforts, which has represented the country’s greatest weakness since 2011, Tunisia is making progress and now has the strongest non-oil-based economy. There have also been positive developments in Lebanon, which has now returned to the democratic fold following long-overdue electoral reform and ensuing elections.



Political transformation

Score 10 to 8 | Score < 8 to 6 | Score < 6 | Score ≥ 4 | Score < 4

Highly repressive

No other region in the world has witnessed more abuse of democratic rights, standards and institutions than the Middle East and North Africa. Turkey's rejection of its former transformation course is one piece of a disheartening tableau.

In this edition of the BTI, Turkey is categorized as an autocracy for the first time. This is not the result of an abrupt regime change, but rather of the continued, substantial erosion of political participation rights and the rule of law in recent years. A comparison with the BTI 2012, when Turkey achieved its best results for political transformation to that point, illustrates this constant erosion of democratic standards. The suppression of the Gezi protests in 2013, the harsh response to the attempted putsch in July 2016, and the comprehensive constitutional reforms in 2017 steadily increased the power concentrated in the presidential palace, along with “systematic intimidation and harassment of journalists, self-censorship, and restrictive measures against media outlets,” as the BTI country report noted. Civil society has also come under attack.

Even the formal lifting of the state of emergency in July 2018 brought little change. Consequently, Turkey has lost no less than 2.73 points for political transformation since the BTI 2012 and, at 4.92 points, now joins the likes of Algeria and Kuwait in the category of moderate autocracies.

But elsewhere the political landscape of the Middle East and North Africa is dominated by hard-line autocracies, with more than two-thirds of regimes defined as highly repressive. Seven of the 13 worst performers in terms of democracy can be found in this region: Iran, Libya, Oman, Saudi Arabia, Sudan, Syria and Yemen. At 3.60 points, the state of political transformation has once again hit a new low. Even Tunisia, often regarded as a beacon of hope, still features pronounced deficits, particularly in terms of the rule of law.

And, yet, the relatively small country in the heart of North Africa has managed the transformation from hard-line autocracy to defective democracy. The country has gained no less than 2.77 points since the BTI 2010 – one of the strongest improvements ever recorded by the BTI. The country's level of democracy stabilized in the review period and was driven particularly by municipal elections in 2018, which legitimized local administrative authorities for the first time and can be regarded as marking a key step toward greater decentralization. However, the country has yet to set up a constitutional court, as veteran and recently deceased President Béji Caïd Essebsi, regarded by many as a representative of the old regime, failed to drive forward the establishment of a supreme judicial body.

While Tunisia has seen the greatest improvement globally since the BTI 2010,

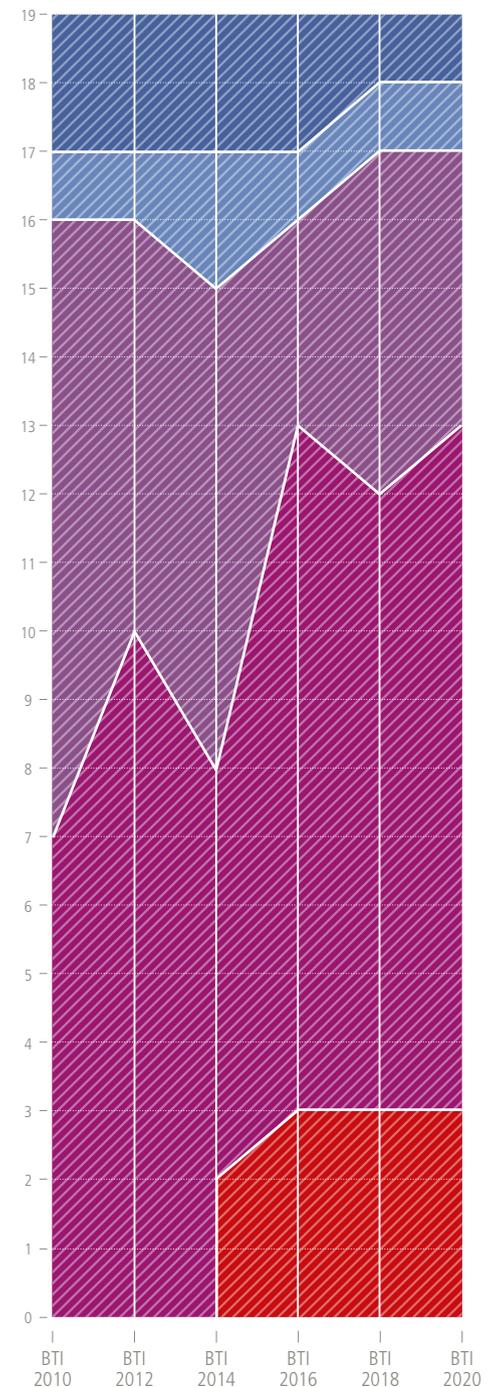
Yemen has tragically achieved the inverse. With a fall of 2.73 points in its state of political transformation score, the country in the south of the Arabian Peninsula has deteriorated more than any other country in the last 10 years. Conditions in the country are appalling, with 24 million of the 28 million Yemenis in need of help. Syria, like Yemen a “failing state,” has at least stabilized at a very low political transformation level of just 1.80 points following the push-back against the IS group. Not that it has helped the civilian population; emboldened by support from Russia and Iran, the regime of Bashar al-Assad is advancing with merciless severity on actual or suspected regime critics. Libya, the third “failing state” of the region, is still convulsed by chaos and unchecked struggles for power.

In neighboring Algeria and Egypt, the collapse of Libya is often cited as an argument for supporting the existing military regime. While the military has now completely restored and consolidated its power in Cairo, the mass protests against Abdelaziz Bouteflika in early 2019 came as something of a surprise. Following the traumatic experience of the civil war during the 1990s, many observers thought the war-weary Algerian population would prioritize stability. This also explained the special position of Bouteflika, who had been seen as a guarantor of stability in light of his conciliatory role in ending the conflict. The announcement that the gravely ill president would run for a fifth term in the presidential elections in the spring of 2019 was viewed as an expression of the leaden inertia of a regime averse to reform. Likewise, the demonstrations taking place at the same time in far poorer and more repressive Sudan, directed at President Omar al-Bashir, were aimed at more than the conditions of poverty, inequality and a lack of prospects. Above all, they were protests against the constant abuse of human dignity that characterizes long-term dictatorships.

Protests and civilian uprisings have brought positive change to Lebanon. Following the 2014 waste-management crisis, movements such as “You Stink” and “Beirut Madinati” (My City of Beirut) staged a series of protests against the incompetence of political decision-makers, and parliamentary elections that had been suspended in 2013 were finally held on May 6, 2018. For the first time, associations such as “Kulluna Watani” (We Are All Patriots) offered electoral programs that transcended the denominational boundaries which have traditionally separated Lebanese political parties.

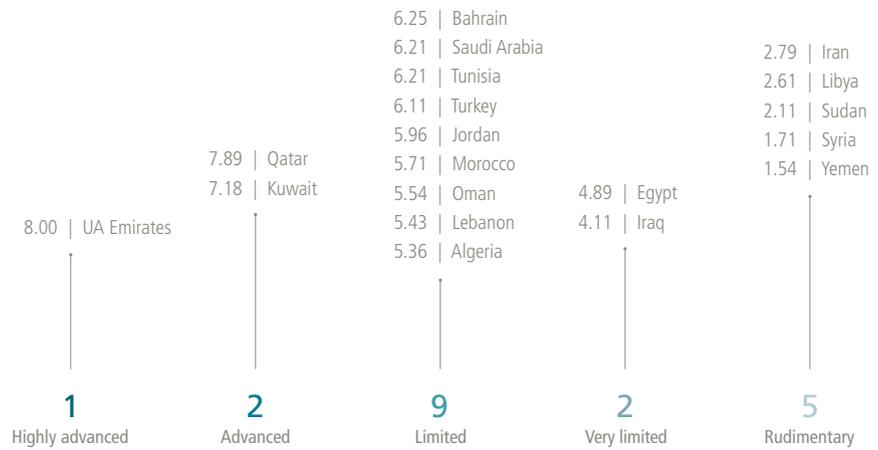
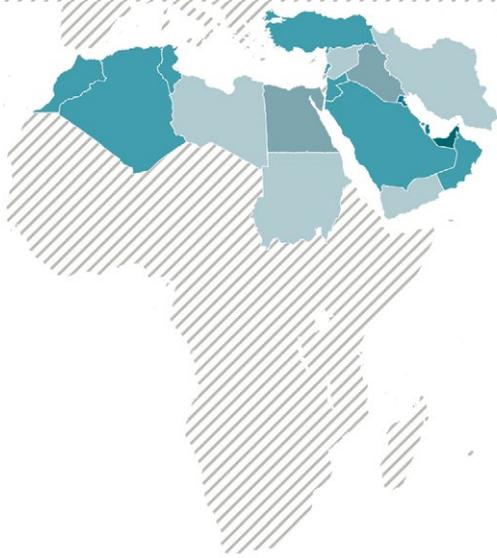
Developments in Iraq also offered a ray of hope – and not only due to the reconquest of territory once controlled by the IS group, a process that was often accompanied by grave war crimes on the part of the military and allied militias. The harmonious leadership style of the new prime minister, Adel Abdul-Mahdi, also did much to improve relations between Shiites, Sunnis and Kurds. In a step that also carried symbolic significance, in December 2018, the Iraqi Education Ministry introduced Kurdish language lessons to its curricula for primary and secondary schools beginning with the 2019/2020 scholastic year.

Greater instability, greater repression

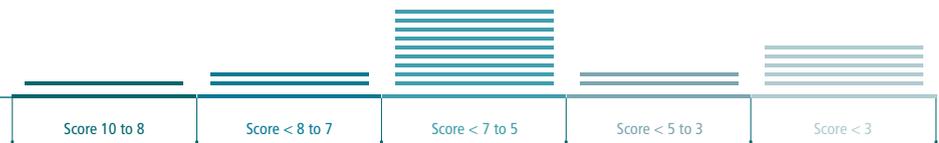


- Defective democracies
- Highly defective democracies
- Moderate autocracies
- Hard-line autocracies
- Failing states

Number of countries per regime category, BTI 2010–2020



Economic transformation



Politics with petrodollars

In several countries, local, regional and international conflicts are getting in the way of socioeconomic development. The increasing imbalance between oil-rich states and the rest of the region is further inflaming the situation.

In the BTI 2020, few countries in the region better illustrate how political conflict can hamper economic development than Iran. Shortly before the 40th anniversary of the Islamic Republic, the breach of the Joint Comprehensive Plan of Action (JCPOA) and ensuing U.S. sanctions hit Iran hard. Instead of the marked improvement in trade relations promised by the JCPOA, the country's economic strength declined considerably. Mounting fiscal instability as well as a greatly increased inflation rate are causes for concern. As a consequence of the economic crisis, we can expect to see an expansion of the informal sector and a higher poverty rate. Informal estimates already put 15 to 20 million Iranians below the absolute poverty threshold.

This downward socioeconomic trend was a contributing factor to the mass protests that erupted in a number of Iranian

cities on December 28, 2018. While the demonstrations quickly petered out, they remain a remarkable signal. For the first time, it wasn't just Ayatollah Ali Khamenei and the other ultra-conservative clerics who were accused of maladministration and abuse of power, but also the reformist forces around President Hassan Rouhani, whose policies demonstrators had largely supported prior to that point.

Little has changed in the overall regional picture. The top spots in the BTI economic ranking for the MENA region remain the preserve of the oil-based Gulf economies. Following a slight downturn for Qatar, the United Arab Emirates (UAE) now boasts the only economy in the MENA region with a state of transformation that can be described as "highly advanced." A long-term comparison reveals a widening gulf between regional economies. While the BTI

2010 showed a difference between the best- and worst-evaluated countries (Qatar and Iraq) of 4.25 points, this gap has broadened considerably in the current BTI 2020. A point spread of 6.46 separates the UAE from Yemen. Data such as this points to a significant increase in economic inequality between states, which is also associated with shifts in political power. Baghdad, Cairo and Damascus, once leading centers of the Arab world, will remain dependent on the rulers in Abu Dhabi, Doha and Riyadh for the foreseeable future. Increasing levels of debt in many countries further open the gateway for foreign influence. Particularly problematic in terms of fiscal policy are the ratios of public debt to GDP in Egypt (92.6%), Bahrain (93.4%), Jordan (94.2%) and Lebanon (150.9%).

The growing and at times competing influence of oil-rich Gulf states is also increas-



Population: 4.1 mn

Life expectancy: 75.3 years

GDP p.c. PPP: \$73,705



ing the potential for conflict in numerous cases. The resulting political instability makes it even harder for national economies to achieve economic transformation. Throughout the region, petrodollars are the name of a rarely inclusive or fair game.

Oman has recorded a significant drop in economic transformation of 1.53 points over 10 years. Although a member of the Gulf Cooperation Council (GCC), in November 2018, Oman heavily restricted property ownership rights for citizens from other GCC states in order to prevent investors from rich neighboring countries from gaining too much control over domestic economic sectors. This trend captured by the BTI corresponds with the assessments of ratings agencies, which downgraded the sultanate's credit rating to junk status in 2018 and 2019.

Developments in Turkey are particularly problematic. Since 2018, the once highly ranked economy has declined in no less than seven of the BTI's 14 economic indicators, which in some cases record substantial drops (e.g., protection of property rights). In the offensive launched against the Gülen movement – similar to that waged against the PKK under the guise of battling terrorism – property appears to have been confiscated arbitrarily in many cases. Moreover, the increasingly erratic policies of President Recep Tayyip Erdoğan have eroded the confidence of international investors and business partners. The appointment of Erdoğan's son-in-law Berat Albayrak to the position of minister of treasury and finance in July 2018 was taken as an alarming sign of an increasingly nepotistic economy. A grave economic and monetary crisis completes the picture of an outright collapse that barely seemed possible in 2014. Back then, Turkey was considered an “advanced” market economy, at 7.46 points. By comparison, the current ranking puts it 1.35 points lower, with a level of development that is now merely “limited.”

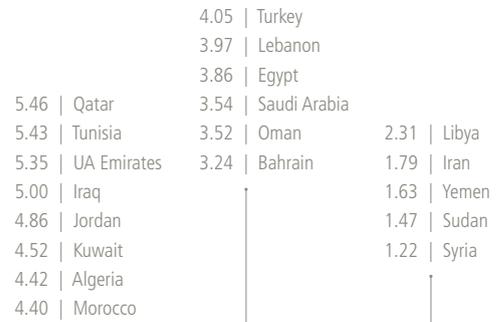
Kuwait: Beyond the oil horizon

With the world's seventh-largest oil reserves, fourth-largest pension fund, and more than 20 years of unbroken budget surpluses, Kuwait was, until 2014, rather spoiled by its raw material wealth. The rapid free fall in prices that followed was a compelling driver behind the launch in 2017 of the long-term strategy “New Kuwait Vision 2035.” The strategy aims to reduce the country's dependence on oil by promoting, among other things, economic diversification and incentives for foreign investors. According to the 2020 BTI country report, “Ironically, [...] the implementation of the new development plan benefitted greatly from the recovering global oil prices.” In fact, rebounding global oil prices have triggered a boom in infrastructure in Kuwait while enabling improvements in competition and fiscal policies. The country's state of economic transformation, which has almost reached the high level it had before the drop in oil prices, is once again classified by the BTI as “advanced.”

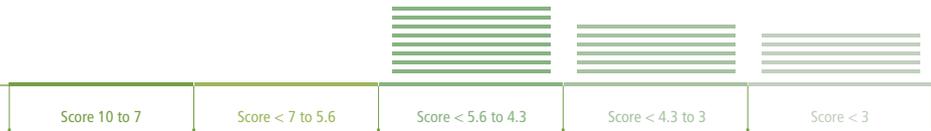
As warned in the BTI report, Kuwait will have to do more than create a second economic foothold alongside oil in the medium and long terms. A “Kuwaitization of the labor market” that acknowledges “the fears of rising unemployment, particularly among young Kuwaitis” must top the priority list. It will be interesting to see whether the “public debate” on “inefficiencies of the education and research system in Kuwait, labor ethics, corruption and clientelism, as much as the exploitation of the expatriate workforce” will transpire in the coming years.



The full country report is available at
www.bti-project.org/kwt



Governance



Heading for conflict

Governance performance in the Middle East and North Africa remains poor. Since the collapse of the Arab Spring, one particular problem has come into focus: many governments have done more to exacerbate domestic and international tensions than ever before.

In the MENA region, we nonetheless find countries whose governments are somewhat consensus-oriented (Tunisia) or relatively efficient in their use of resources (Qatar and the UAE). But even they are only middling performers by global standards, and beyond these rays of light, the BTI 2020 confirms a familiar picture: Governance in the region is almost unrelievedly poor. The regional average Governance Index score has even fallen slightly, hitting an all-time low of 3.69 points.

The actions taken by many governments in the region have the effect – more than ever before – of intensifying existing domestic or regional tensions. It is characteristic of a region dominated by extremely repressive authoritarian rule that domestic consensus-building is the lowest-rated criterion for quality of governance in the BTI – in contrast to every other region re-

viewed. This also hampers international cooperation. The oil states’ targeted support of militias and militant groups in Iraq, Syria and Yemen, but also other countries, has lent a strong regional component to domestic conflicts. The outbreak of the “Qatar Crisis” in the summer of 2017 clearly showed that the increasing meddling of rival interventionist countries – Saudi Arabia and the UAE on the one hand, Qatar and Iran on the other – stokes conflicts that represent an additional threat to peace in the region. And so we find that in the majority of countries under review in the BTI 2020, the scores for the “international cooperation” and “consensus-building” criteria have declined.

Particularly significant was the lack of cooperation and consensus found in those which have fallen furthest in the Governance Index: Turkey, Sudan and, above all, Iran. While the reform efforts of the Iranian

government under President Rouhani were reflected in considerably improved values in previous editions of the BTI, it has now recorded losses in each governance criterion. Here, it should be noted that the sudden departure of the United States from the Nuclear Agreement has strengthened hardliners – or such is the prevailing Iranian view. In any case, it is apparent that the blend of foreign policy pressure, economic difficulties, corresponding increase in criticism of the regime among the population and a growing siege mentality among hawks and conservative clerics have all significantly curtailed the scope for moderate politics.

Meanwhile, neighboring Iraq has recorded considerable achievements, thanks to the pushback against the IS group, but particularly to the new government under Prime Minister Adel Abdul-Mahdi. As the first head of government not supplied by the

Shiite Da'wa party, he has overseen improvements in coordination within the government as well as conflict management. Abdul-Mahdi managed to diffuse tensions between Arab and Kurdish parts of the country; under the previous government, the regions remained locked in military conflict, particularly around the oil-rich city of Kirkuk, in connection with the referendum on independence for Iraqi Kurdistan held in the summer of 2017.

The question of how to handle Kurdish separatism also remains a perpetual challenge for Turkey. Whereas just six years ago, the Erdoğan government was judged able to prevent an escalation of existing conflicts, it is now seen as perhaps the most significant actor in deepening the lines of conflict that run through Turkish society. This is in large part due to its cancellation of the cease-fire with the PKK in 2015 and its escalation of domestic tensions after the failed putsch attempt in 2016. The state viewed Kurdish success in the battle against the IS

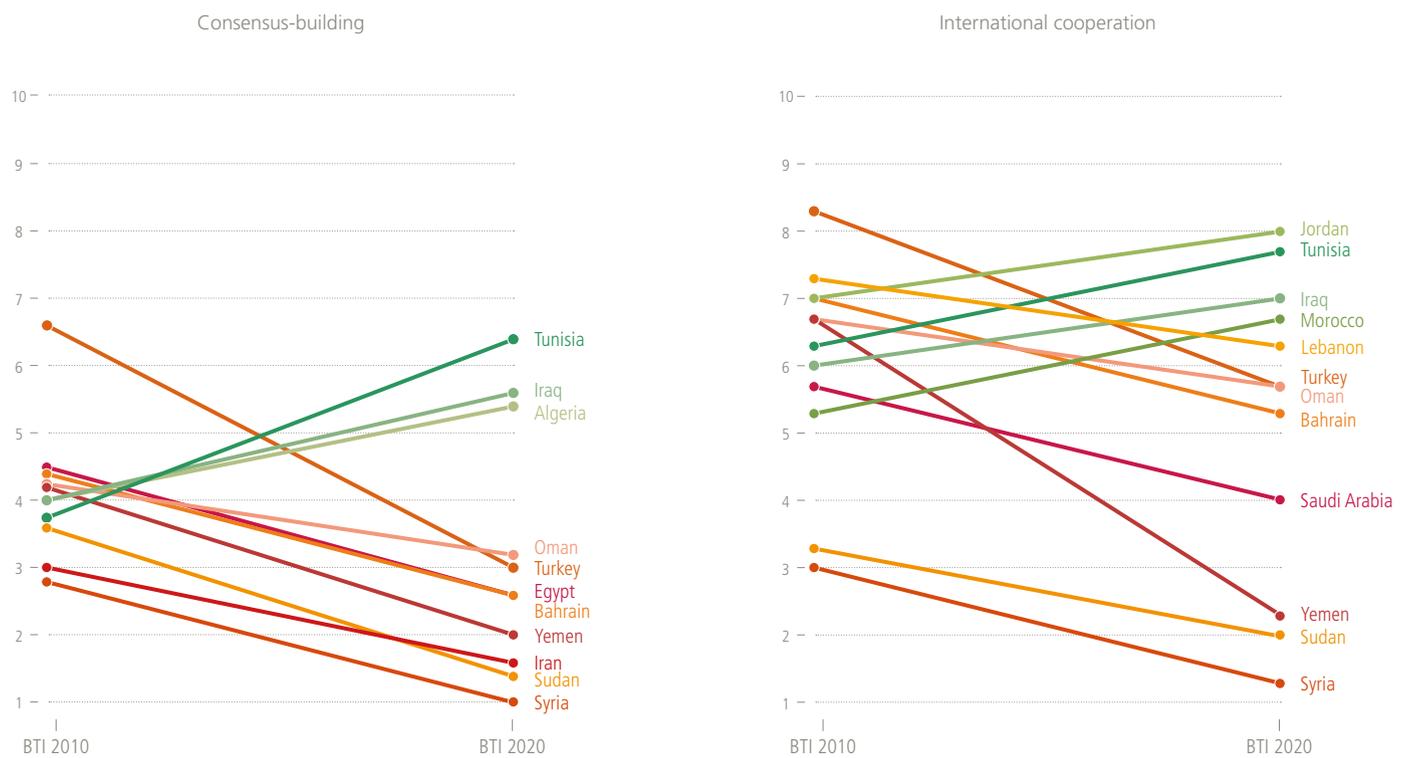
group as a threat to its own territorial integrity and escalated the conflict for domestic political reasons, with the express aim of splitting society into opposing camps and consolidating unity among its own followers even further. Many members of the AKP government are intensifying a populist, nationalist discourse that paints Turkey as subject to the threat of both internal and external forces – the PKK as well as actual or suspected followers of the Gülen movement. The Turkish government is in “retreat from democratic principles” in the judgment of the BTI country report, particularly since its restructuring from a strictly parliamentary to a semi-presidential system. This “à la Turca’ presidential system represents all features of an arbitrary and old-fashioned authoritarian system, leaving almost no room for alternative views or criticisms,” according to the report.

Thus, whereas Turkey was still in 14th place worldwide in the BTI 2014 Governance Index ranking, it is now outranked by Alge-

ria, which, having regressed in terms of its governance performance, achieves a mere “moderate” classification. In Algeria, the protracted maneuvering around the renewed candidature of aging, ailing President Bouteflika, which would have been a violation of the country’s constitution, diminished the regime’s credibility. Added to this are conflicts within the ruling elite that are impairing the capacity for decision-making.

Sudan, the other country whose government was overthrown in 2019, is at the bottom end of the global scale, at rank 133 and a score of 1.47; in absolute terms, this represents more than a halving of its BTI 2010 values. Failed transformation management was also found among the leading actors in Iran, Libya, Syria and Yemen. The only government found by the BTI 2020 to have performed more poorly than Syria’s was that of Eritrea, and no country has declined so sharply in quality of governance since the outbreak of the Arab Spring than Yemen.

A full decade of decline in consensus and cooperation



Score comparison of those countries with gains or losses of 1.0 or more points in the two criteria, BTI 2010–2020



Few changes, few improvements

The BTI 2020 foresees few changes and, thus, few improvements for the countries of the Middle East and North Africa. Every review dimension has seen a continuation of the negative trend of recent years. There is barely a single country that is truly addressing its fundamental structural problems: elite power circles and widespread corruption; population growth, particularly among the poorest segments; and the fragility of overall security.

Under these circumstances, the latest mass protests in Algeria and Sudan must be viewed with caution. Indeed, these upheavals too vividly recall the events of 2011, which, with the exception of Tunisia, brought no improvements and, in fact, led to regression in every area. Following the removal of long-serving presidents Bouteflika and al-Bashir, it is already quite apparent that the leaders of the two countries are looking to the example of the Egyptian regime, which demonstrated how a country can come through mass protests almost unscathed. There, President Abdel Fattah al-Sisi has discarded any previous restraint in his suppression of the opposition. The number of political prisoners is estimated at up to 60,000 detainees, who are kept in deeply unsatisfactory conditions in hopelessly overcrowded prisons with pitiful provisions. Many observers attributed the collapse and subsequent death of former President Mohamed Morsi on June 17, 2019, to a similarly deliberate lack of medical care. With role

models like this, it is understandable that the euphoria in Algeria and Sudan soon dissipated. The region remains almost entirely in the grip of the autocrats.

Economically, the region has also been on a downward spiral since the Arab Spring. However, the results are distorted by the small Gulf monarchies, although even here there are signs of weakness. Without Bahrain, Kuwait, Saudi Arabia, Qatar and the UAE, the average regional level for economic transformation would be 4.29 rather than 5.03 points – approximately the level of Mali and Sierra Leone. It is a similar case with the Governance Index. Libya, Syria and Yemen, all riven by civil war, are primarily responsible for the significant drop in the quality of governance. But even without these three “failing states,” the region would be at a “poor” level of governance, comparable with those of Nigeria or Thailand.

It is a particularly bitter turn of events that a former flagship of the region should be such a major driver of these negative trends. At present, Turkey can only be described as an autocracy, and has also seen a rapid decline in economic transformation and quality of governance. However, since the review period for the BTI 2020, it has become clear that substantial sectors of the civilian population are not prepared to simply put up with the forced “authoritarian drift” cited in the country report. That the opposition won back the mayoralty of the power center Istanbul after 25 years, despite the

intervention of President Erdoğan, is something many observers see as a sign of hope. And from the conciliatory messages that the new mayor, Ekrem İmamoğlu, has sent out since taking office, it even seems like the “consensus culture in the society” that BTI observers have called for might be possible. The question is simply whether today’s AKP is also ready and capable enough to diffuse tensions.

Future developments in Iran are also difficult to predict. If the government’s course doesn’t change significantly, it is likely that we will see a repeat of the protests of late 2018. However, the increasing pressure of U.S.-led sanctions, combined with growing regional aggression from Saudi Arabia, means that any such change in course will face tremendous obstacles. But whatever happens, it will be of central significance for the political and economic situation across the Persian Gulf.

Only Tunisia and Lebanon can be counted among the region’s democracies, but even this designation must be taken as relative. Both countries have significant democracy deficits, particularly in the rule of law, with Lebanon further hampered by high political instability and a significant reduction in government power. It would be premature to talk of sustainable transformation, particularly with neighboring countries Israel, Syria and Iran, as well as Hezbollah, which continues to meddle in Lebanon’s domestic politics.



This summary is based on the Middle East and North Africa regional report by Jan Claudius Völkel. Together with the full reports for each country in the region, it is available at www.bti-project.org/mena





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