

The Arab Spring and Its Lessons for Democracy and Development

Several weeks before the Tahrir Square uprising in January 2011, a less momentous event took place in the heart of Cairo. In hindsight, however, it became critically important to our understanding of the deepening interconnection between democracy and development in the age of social media and disenfranchised youth.

Over three days, more than a hundred Egyptian entrepreneurs competed for two cash prizes and a chance to make real the dream of starting their own business. Eleven prominent American investors and entrepreneurs, brought together through a joint USAID-Department of State initiative called the Global Entrepreneurship Program (GEP), evaluated business plans, offered guidance, and established mentoring relationships with their Egyptian counterparts. Private investors made six seed investments in Egyptian startups. By the time the crowds had coalesced in and around Tahrir, a USAID-funded Entrepreneur-In-Residence (EIR) had a permanent office in both “Cairo” and Alexandria and was planning frequent programs for Egypt’s newly energized

entrepreneurs—from IT Boot Camps to Startup Weekend competitions.

Less than a year later, and barely a week after the first free election in Tunisia’s history, GEP was once again on the ground, this time in the birthplace of the Arab Spring. A delegation of a dozen Silicon Valley entrepreneurs and angel investors conducted two days of intensive mentoring workshops, competitive pitch sessions, and panel discussions with several hundred young Tunisian entrepreneurs. Key private-sector partners included global corporations, such as Microsoft Corporation and The Coca-Cola Company; local civil society stakeholders like Tuninvest Finance Group, an investment house; and the Mediterranean School of Business, a Tunisian university. These private-sector partners harnessed their local business networks to identify the most promising entrepreneurs across the country, coaching them before they presented their business ideas to the delegation. They also planned, funded, and hosted many of the events, infusing the delegation with the authenticity of local actors. The winning entrepreneur in Tunisia—a female professor with an



People gather on December 17, 2011, in Sidi Bouzid's Mohamed Bouazizi square, for the first anniversary of the uprising that unleashed the Arab Spring revolutions. | AFP Photo: Fethi Belaid

innovative biotech solution—received a three-month business incubation prize in the United States, as did winners from both Morocco and Algeria.

The confluence of events in the above two scenarios was not planned, but was no accident. The link between the democratic aspirations of the Arab Spring and the economic malaise of a new generation of Arab youth, a full one-third of the working-age population across the region,¹ is incontrovertible. After all, Mohamed Bouazizi, the Tunisian fruit seller who literally lit the fire of the regional uprisings, ultimately died for the fundamental right to build his own business. In the words of the economist Hernando DeSoto, he was “a budding entrepreneur” like “50% of all working

Arabs”² whose “goal was to accumulate capital to grow his business.” According to DeSoto’s research team, 35 additional Arab small businessmen in 4 countries subsequently immolated themselves in solidarity with Bouazizi.³

Bouazizi’s death, in the once-isolated hinterland of a tiny North African nation, galvanized an entire region in a matter of days. The Arab world’s many ethnic, tribal, and sectarian cleavages solidified over centuries melted into a shared experience that crossed borders and became, if only for a short time, a common identity. That predominant identity—from Tunisia to Yemen—was not Islamic or Arab or Berber, nor was it rural farmer or urban merchant. It was young, jobless, and increasingly aware that much of humanity

1 Farzaneh Roudi, UN/POP/EGM-AYD/2011/06, “Youth Population and Employment in the Middle East and North Africa: Opportunity or Challenge?” July 22, 2011. This youth group spans ages 15 to 24 across the Middle East and North Africa (MENA) region. On average, only one-third of youth in MENA are in the labor force, compared to half of youth globally.

2 Hernando DeSoto, “The Free Market Secret of the Arab Revolutions,” *Financial Times*, November 8, 2011. This comment was DeSoto’s opinion and does not seem to be based on extensive research.

3 *Ibid.*

had progressed, politically and economically, while Arab societies had been left behind. The Arabic word for dignity, *karama*, for which these revolutions were waged (and continue to be waged), in the end, has come to mean economic security and the freedom to prosper as much as political justice.

Opinion polls conducted by the Arab Barometer in the period just before the Tunisian elections only confirm this new concept of democracy as a guarantor of economic opportunity first and foremost. A full 43% of Tunisians polled identified either a small income gap (21.1%) or the provision of basic necessities for all members of society (22.4%) as the primary indicator of democratic governance. By comparison, 27.4% said the most important characteristic of democracy is free and fair elections, followed by 11.3% for the ability to criticize the government, and 11.1% for equality of political rights.⁴

During the entrepreneurship delegation's visit to Tunisia, we sat down for a dinner discussion with a senior minister in the interim Tunisian cabinet. He was very direct in suggesting that if you talked to the young Tunisians who had toppled Ben Ali, they would graciously accept your admiration for their accomplishments, but the first question from their lips would invariably be "Can I have a job?" For many of the Arab Spring's courageous foot soldiers, the revolutions will be largely incomplete unless they can unlock the economic aspirations of all groups in society. Unemployment and under-employment is particularly acute in the case of women, whose rates are the highest of any region in the world. Just as the Arab Spring began with a young entrepreneur denied the right to work and feed his family, its consolidation must begin with a solution to the employment crisis afflicting the region's youth.

In this context, and as we look at USAID's

⁴ Michael Robbins and Mark Tessler, "Tunisians Vote for Jobs, Not Islam," *Foreign Policy*, December 7, 2011.

changing mandate moving forward, we might revise one of the key questions of our topic: How is democracy central to sustaining development *and, conversely, how central will development be to sustaining democracy?* While the answer is always multifaceted and complex, economic opportunity and fairness must be a significant part of any comprehensive solution.

Here is where the American experience with entrepreneurship could be pivotal, particularly as donors struggle to earmark dwindling resources for formal foreign assistance. Accelerated job creation is intimately linked to entrepreneurship across every region of the world. This is because entrepreneurs are typically the innovators behind growth companies, and growth companies overwhelmingly drive new employment. It has been shown, time and again, that countries that nurture their entrepreneurs and provide the healthiest enabling environment for business creation experience the fastest job growth. The best policies have always been a mixture of reduced regulation and red tape, coupled with active support, such as tax incentives for early-stage investment and public funding for incubation. American expertise in encouraging, financing, and sustaining entrepreneurs in imaginative ways is world-renowned. It is this expertise, housed in the U.S. private sector, that the USAID-GEP alliance has sought to deploy, even before the sweeping changes of the Arab Spring made it even more imperative.

Tapping the private sector as a key partner in driving development is nothing new in the USAID toolkit. The public-private partnership is a well-known and well-utilized mechanism. Growth of entrepreneurship, however—catalyzing a culture of experimental incubation for small business that has led to growth miracles such as Silicon Valley—is little understood among governments, U.S. agencies, and international development institutions alike.



Startup Weekend Alexandria brought together about 250 Internet technology developers, business managers, startup enthusiasts, marketing gurus, and graphic artists pitching ideas for new startup companies September 22–24, 2011. The event was sponsored by USAID/Egypt. | Photo: Khaled Abdel Aziz

Leveraging this proficiency does not necessarily require importing these capabilities wholesale into the public sector. Like much else in the technology-intensive 21st century, this is about harnessing a diffuse network, not centralizing expertise. In this way, the USAID-GEP alliance has acted as a global channel for American entrepreneurial capacity, introducing and acclimating it to different developing-world contexts.

The alliance has worked well for one critical reason: USAID’s development objective—supporting the next generation of growth companies that will drive employment—is in lockstep with the core goal of our private-sector and civil-society partners, who also prioritize company growth (and profitability) above all else. This approach also falls in line with USAID’s agency-wide strategic priorities of strengthening local civil society and leveraging the private sector to maximize resources and sustainability. Moreover, it lies at the natural intersection of two important initiatives to adapt American foreign and development policy to the new global age: the 21st Century Statecraft

of “smart networks” that stress connectivity and decentralized capacity, and the commercial power of Economic Statecraft.

In this new era, democracy and development are more intimately intertwined than ever before across the Middle East and North Africa region, and indeed the world, as a potent stew of market forces, technological innovation, and demography combine to upend the existing order. Indeed, the spark of the Arab Spring has not been confined to just one region or people, inspiring similar movements for change across the world. This is a tectonic shift since the days of the Cold War, when the overarching ideological struggle between superpowers often superseded freedom and opportunity, leading both sides to support authoritarian regimes and corrupted elites. Today, the ability and willingness to do so is much more limited.

In this sense, we can say that *development itself has been further democratized*, as newly empowered actors, such as the Arab street, make it more difficult for a narrow minority to receive a disproportionate share of international and domestic resource flows. In order to channel these positive changes, however, development agencies must reimagine the prevailing models for engaging emerging actors across every region of the world. A holistic solution to both development *and* democracy depends upon it. By mobilizing private-sector innovation combined with the diffuse capacity of smart networks, the USAID-GEP alliance offers one template of how organic development can reinforce democracy.

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