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The American University in Cairo
School of Humanities and Social Sciences

**American Democracy Assistance in Egypt:
Understanding Neoliberalism in
Decentralization and Democratic Governance**

A Thesis Submitted to
The Department of Political Science
For the Degree of Masters of Arts

By

Ahmed Badawi

Under the supervision of **Dr. Mustapha Kamal Al Sayyid**

January/ 2012

The American University in Cairo

**AMERICAN DEMOCRACY ASSISTANCE IN
EGYPT: UNDERSTANDING
NEOLIBERALISM IN
DECENTRALIZATION AND DEMOCRATIC
GOVERNANCE**

A Thesis submitted by

Ahmed Badawi

To the Department of Political Science

January 2012

In partial fulfillment of the requirements for
The degree of Master of Arts

Has been approved by

Dr. Mustapha Kamal Al Sayyid

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To my parents, Hanaa Salah and Hossam El Din Badawi, whose patience and support made this possible.

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LIST OF ABBREVIATIONS:

CIDA	Canadian International Development Agency
DANIDA	Danish International Development Agency
DFID	Department for International Development
EDI	Egyptian Decentralization Initiative
IDRC	International Development Research Center
IFIs	International Financial Institutions
IMF	International Monetary Fund
LFA	Log Frame Approach
MISR	Municipal Initiatives for Strategic Recovery
MFR	Management for Results
NDP	National Democratic Party
NED	National Endowment for Democracy
POGAR	Program on Governance in the Arab Region
RBM	Results-Based Management
SIDA	Swedish International Development Agency
SO	Strategic Objective
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development

ABSTRACT:

The research effort revolves around American democracy assistance and democracy promotion focusing on Egypt. The ideological underpinning under investigation raises questions regarding foreign democracy assistance in general, along with conditionality, governance, and our prospects for the realization of much elusive democratic governance in the Arab world.

In reviewing decentralization in development and using the USAID funded Egyptian Decentralization Initiative (EDI) as a case study, I intend to demonstrate the inherent ideological conditionality at the heart of American democracy promotion. While simultaneously extricating economic governance from beyond the grasp of political institutions, neo-liberal economic globalization has begun to take its toll on the democratic institutions of participatory governance. Such a transformation is felt in the most consolidated and developed of democracies. The very same democracies, under the stress and strain of neo-liberal economic globalization, assist and advise “transitioning” dictatorships and “semi-authoritarian” regimes claiming democratic aspirations. However what is at the heart of doctrines of American democracy assistance, the alleged “liberalization” pushed by USAID, is merely a political façade of a ruthless economic diagnosis that holds no bearing for possibilities of democratic self-determination and the realization of self-rule in a region that has yet to experience governing its own.

RESEARCH PROBLEM:

How can aid donor countries impact the policies in aid recipient countries, despite resistance from the recipient governments? As such what impact does American democracy assistance have on the Egyptian political landscape particularly pertaining to the field of decentralization and local government? Is this assistance geared towards the economic liberalization of Egypt, irrespective of the democratization of Egyptian politics?

HYPOTHESIS/THESIS STATEMENT:

The main objective behind American democracy promotion/assistance efforts is to institute/impose an economic - neoliberal market model – irrespective of actual democratic politics and self-rule based on participatory politics of democratic governance. The USAID funded Egyptian Decentralization Initiative is the case study chosen to demonstrate this hypothesis.

EPILOGUE:

It should be noted that this thesis was conducted prior to the mass popular uprisings that have swept the region and been termed by some Western observers as the “Arab Spring”. What has begun as a series of popular street protests, sit-ins and strikes to demand basic freedoms and resulted in the ousting of former Tunisian and Egyptian dictators Zein El Abidine Ben Ali and Mohamed Hosny Mubarak is reshaping the region and possibly the world despite significant opposition from within the Arab world and beyond. The role of the US throughout the course of popular change that began in Tunisia is as riddled with double standards and biases that serve their geostrategic interests. Particularly in the case of Egypt, the US continued to support the regime over the people, the very regime it has spent billions of dollars in military and economic aid to bolster, over the aspirations of millions of Egyptians who took to the streets demanding their rights to freedom and social justice. The US’s stance changed when it was clear that the Mubarak regime was doomed to collapse. However, this is not necessarily out of a sudden change of heart, but only time will tell and reveal the containment strategy adopted by the US to adapt to a process of people driven change that has been unprecedented in the region. The events that we are witnessing now do not detract from this research effort as it raises critical questions regarding American democracy promotion and democracy assistance or lack thereof. This type of development aid is not likely to decrease in the near future, a fact that warrants more research and analysis on some of the topics raised in this thesis.

CHAPTER I

INTRODUCTION

The purpose of this thesis is to review democracy assistance in general as a field of development support and the impact of democracy assistance on the political landscape in Egypt, using the USAID funded Egyptian Decentralization Initiative (EDI), as a case study, in light of democracy promotion efforts spearheaded by the United States. Through examining this topic, I will attempt to answer the question of whether donor countries can influence domestic policies in recipient countries despite resistance from the recipient countries. In the case of Egypt is such assistance geared towards "democratizing" the political process on the one hand or merely instilling an economic system receptive of US economic interests with an explicit assumption that democracy is to emerge, like a white rabbit out of a magician's hat, as a byproduct of such market reform. The imperative existence of the market economy as a prerequisite for democracy and political liberalization in the Arab world is a claim that has been made and echoed by Egyptians, Arabs and Western observers for quite some time. For example, the Center for International Private Enterprise works under the motto of "spreading democracy through market oriented reform".

Increasing steadily over the past two decades, democracy assistance is now a significant component of development agendas today. Reportedly, annual expenditure on democracy promotion is in excess of USD 5 billion dollars¹. Initially led by the United States and Germany in the 1980s, democracy promotion has since then been pursued by a majority of established democracies to various degrees of involvement

¹ Burnell, 2008, 414

and engagement in the provision of democracy assistance² . Currently democracy promotion is being pursued by governments such as Sweden, the Netherlands, Germany, the European Union, Denmark, Norway and Spain. Democracy promotion has been pursued by donors and aid agencies for a multiplicity of reasons, ranging from beliefs that democracies are less likely to go to war and thus strengthening global peace and security, supporting economic interests and trade, curbing the effect of terrorism, cold war containment strategies and extending local political ideologies and projecting them at the international level of world politics.

Democracy promotion and assistance programs orchestrated by the US in the guise of development, also occupy a central role in terms of strategic US interests and the foreign policy deployed to achieve such interests. US foreign assistance to Egypt in sectors ranging from the military to education reform has been regarded as a sacred cow in Washington, ever since the Camp David Accords in 1979. Egypt has been receiving approximately \$2 billion per annum in US foreign assistance since then. USAID has been the leading donor in terms of financial support to democratic governance in Egypt, despite its official acknowledgement of the limited democratic nature of the Egyptian state. USAID in Egypt alone has spent USD 1.13 billion in total assistance of democracy and governance during the period from 1975 to 2009³ . Egypt which received an average of \$2 billion a year since 1979 is the second largest recipient of aid from the United States after Israel. It is worthy to note that the vast majority of this aid goes to the military, which in recent years has received \$1.3 billion

² Carothers, 2007, 112

³ USAID, <http://egypt.usaid.gov/Default.aspx?pageid=367> , accessed on 13 November 2010

annually⁴. Despite being a significant aid recipient of both military and economic aid, including democracy assistance, Egypt's political system leaves much to be desired in terms of democratic provisions.

With America's largest "democracy" promotion effort/occupation in Iraq exceeding \$3 trillion, according to conservative estimates, the status of democracy in the Arab world and the "democracy promotion" doctrine was grave and growingly worrisome, prior to January 2011⁵. At a time when the United States' policy in the region is naked and bankrupt, and the death toll rising at a terrifying pace, one cannot be too optimistic about the status of the "corrupt fig leaf sort of democracy" in the Arab world⁶. The perpetual occupation turned civil war in Iraq, the rise of sectarian toned conflicts in Lebanon between a US backed government and a disenfranchised popular opposition, factional conflicts and an impending humanitarian crisis in Palestine directly resulting from blatant American "rejectionism" of the democratic values it so dearly monopolizes - fears and suspicions of the United States are not far from well founded. However, the United States mainly through the United States Agency for International Development (USAID) and to a lesser extent the National Endowment for Democracy (NED) has allocated over USD 606 million in "democracy assistance" to Egypt in the time

⁴ Christian Science Monitor, 15 February, 2011 <http://www.csmonitor.com/USA/Politics/DC-Decoder/2011/0215/US-aid-to-Egypt-What-does-it-buy>, accessed 17 March, 2011

⁵ Joseph Stiglitz and Linda J. Blimes, "The True Cost of the Iraq War: \$3 Trillion and Beyond," Washington Post, Sunday, September 5, 2010. <http://www.washingtonpost.com/wpdyn/content/article/2010/09/03/AR2010090302200.html>, accessed 15 December, 2010

⁶ Brian Whitaker, "Fig Leaf Freedom," The Guardian, January 31, 2005. <http://www.guardian.co.uk/elsewhere/journalist/story/0,7792,1402529,00.html>, accessed March 17, 2005

period between 1990 and 2003. In 2008, the U.S. Government provided \$415 million in economic assistance to Egypt, which includes \$55 million to support programs to promote democracy⁷. In terms of support to local government and decentralization, the United States Agency for International Development (USAID) has invested more than \$800 million in local government and decentralization projects over the past 20 years in Egypt, despite the fact that “Egypt has been governed under a centralized system that has led to limited democracy”⁸. Why was this money allocated? Was it primarily for democratizing Egyptian politics through assisting its democratic transition? Is there a form of economic conditionality that remains implicit to what is primarily advocated as a political form of assistance?

The ebbing of the façade of democratic tides, which hardly constitute the waves of democracy heralded by apologists world over, have shown that the transition to democracy in Egypt was only a means to further authoritarianism, despite rhetoric from the US. Carl Gershman, head of the National Endowment for Democracy (NED), hinted to a change of policy by applauding and reiterating George Bush's 2003 pledge to the NED in which he (Bush) " [had] officially repudiated the doctrine of 'Arab exceptionalism' according to which democracy could progress everywhere except the Arab world"⁹. As I will demonstrate in this thesis, the rhetoric is not new and there was no compelling evidence to consider it in a different light from the traditional propaganda dish of freedom, liberty and

⁷ USAID Office of Inspector General, 2009, 2

⁸ Ibid

⁹ Gershman, Carl, Washington Post. June 8, 2007.

http://www.washingtonpost.com/wpdyn/content/article/2007/06/07/AR2007060701866.html?hpid=opinion_sbox1, accessed September 1, 2011

democracy. Especially since a few months prior to this statement, the Office of the United Nations High Commissioner for Refugees (UNHCR) seemed to contradict the much celebrated Bush repudiation when it was revealed that the Iraqi refugee crisis was "the largest long term displacement of people since the uprooting of Palestinians during the creation of Israel in 1948"¹⁰ . Beyond the rhetoric, Arab “exceptionalism” was alive and well.

The continuous rise of neoliberal economic orthodoxy across the globe and in particular in Egypt has catapulted what was formerly conceived as an economic solution in a changing world order to a considerable threat to the possibilities of realizing a much needed democratic and participatory system of governance. A threat that is alarming when compared to the form of democracy being promoted by the US. Steve Smith eloquently states this problem in his chapter “Democracy Promotion: Critical Questions” in Ikenberry et al. “The problem is that neoliberalism is so dominant in the world economy that the political is being increasingly reduced to the economic. The most obvious example of this is the way that the market is presented as an autonomous force that governments cannot manage, a force that slowly but surely removes more and more of what was previously politics into the market. These forces also reconstruct the subject with the effect of reducing the realm of what appears both politics and politically possible. In this light, the form of democracy being promoted by the US fits exactly into this reduced political role for government and the state. As such, US democracy promotion seems designed to put in place the type of state

¹⁰ BBC. "Warning of Iraq Refugee Crisis". January 22, 2007.
http://news.bbc.co.uk/1/hi/world/middle_east/6286129.stm, accessed January 27, 2007

apparatus required by neo-liberal economics. In short, low intensity democracy is the type of democracy that best suits US economic interests”¹¹. The claim made here is not that American the form of democracy promotion is alarmingly novel or by any means unprecedented. Barry Gills and Joel Rocamora first criticized “low intensity democracy” in 1992, noting that “...the identification of capitalism with democracy is not a very well hidden ideological bias of certain Western studies of Third World Democracy. Today, the particular forms of democracy pushed by the West in the Third World are specifically tailored to serve the interests of global capital in these countries. Here, a political economic orthodoxy of hegemonic power holders is presented as being a matter of natural law, whether economic or developmental, rather than as a specific product of historical conditions, conflict over the pursuit of interests, and class struggle”¹². Or as Gills and Rocamora conclude in their analysis that low intensity democracy is ‘the political corollary of economic liberalization and internationalization’¹³.

Despite claiming to strengthen democratic governance in Egypt, the bulk of Egypt’s donor backed reform agenda seems to deal with the economic side of the coin while outpacing, if not ignoring all together, the dire need of political reform. Such a reform measure is being conducted at an alarming rate, questioning the regime’s real motive behind the reform agenda and the conditions under which political and economic trickle down will be allowed to exist. It is possible that when the ruling autocratic regime does allow for some tangible form of political

¹¹ Smith, 2000, 77

¹² Gills and Rocamora, 1992, 502

¹³ Ibid

liberalization, an economic structure will already be consolidated and dictating the rules of governance, rendering whatever democratization experiment relatively ineffective and feeble. Such a state of affairs would only differ in its structural aspects lending no more weight to the tired political institutions currently maintaining the façade of democracy while keeping the status quo intact through a further concentration of economic wealth and political authority beyond the grasp of the public sphere. This is exemplified in the USAID supported Egyptian government's approach to decentralization and local government, as will be demonstrated below, whereby a disproportionate focus is on administrative and financial aspects to strengthen economic decentralization with minimal concern for political decentralization and democratization of local government.

Neo-liberal market structures supported by the United States and Western Europe and facilitated through International Financial Institutions such as the World Bank and International Monetary Fund are being erected, without any real efforts to create a political backdrop to temper or integrate any form of participatory or representative government within the economic governance structures of such "reforms". The 2007 constitutional amendments of 34 articles, rubber stamped through parliament amidst a boycott by the weakened semblance of an opposition, were passed off as Cairo's downtown area felt the might of the security apparatus anticipating a much deserved popular backlash against the blatant authoritarian rule of Mubarak. Unable or perhaps even unwilling to protest and voice rejection of the undemocratic politics of the regime, the Egyptian public at the time were once again relegated to observers choosing apathy over action.

The advent of neo-liberal economic globalization and the growing "outsourcing" of economic governance away from the political spheres coupled with growing apathy and disillusionment resulting from the almost non-existent forms of participatory politics and representative governments in the Arab world, begs questions of the status of democracy, alleged democracy promotion, the type of democracy being promoted, the prospects of realizing self-rule in the Arab world at a juncture in time where notions of hegemony, empire and imperialism and neo-colonialism are more present than ever.

Even though Safwat El Sheirf, Secretary General of the former National Democratic Party, assured Egyptians that they were living in the "brightest ages of democracy"; I propose investigating the underlying theories behind democracy promotion, the impact, if any, of such efforts in Egypt, the current political economic context and whether democratization or economic liberalization are what the Egyptian regime was intending to bestow on its populace. During the course of this thesis, I will review the historical growth of democracy promotion, criticisms of democracy assistance, measures of evaluating and assessing the impact, or the lack thereof, of democracy assistance, local government in Egypt, decentralization and strengthening local governance as a field of democracy assistance/ development support and previous decentralization initiatives in Egypt.

The US continued to back the Mubarak regime favoring stability over uncertainty until the very end of his days in February 2011. The democratic façade underpinned by human rights abuses, and oppression of freedoms that defined the

modus operandi of the Egyptian dictatorship continued unabated as Egypt was classified in transition and until popular protests and strikes challenged the authoritarianism of Mubarak's regime and ousted him out of power. However, Egypt's transition is both economic and political; more ethnocentric observers will assert that it is one of escaping tradition to the receptive embrace of modernity. During the course of transitions, helping hands, usually Western hands, are extended with offers of aid and assistance. Democracy assistance, a relatively new form of aid falls under this category. Thus "democracy" referring to what is essentially a political concept depicting the much acclaimed yet highly contestable ideal cum growing universal norm is allegedly being aided and assisted to grow and flourish by much more knowledgeable and established democratic powers.

However, we are forced to question why an essentially political concept is conditional on a very specific economic prerequisite, that of the neo-liberal market economy, at a time when economic governance is ascending in importance and gradually extricated from the domain of political and participatory control. It appears to be rather self-defeating to promote democracy based on neo-liberalism when it is argued that neo-liberalism subverts the political, i.e. democracy, to serve the economical¹⁴. This begs the question of whether in fact there is genuine interest in promoting a neutral and ideologically free form of governance that invokes self-rule and self-determination while respecting the local particularities of millions who have only experienced the oppressions of dictatorial rule.

¹⁴ Smith, 2000, 76

The above points, also further explain choosing decentralization as a subject of inquiry for this effort. Despite being used by technocrats the world over for addressing a multitude of problems, decentralization has been addressed by major donors and international organizations as a democratic governance, particularly by USAID and the case of the EDI. What I will demonstrate is how the political processes of decentralization and as demonstrated by the EDI were subverted to serve the economical.

I have chosen to examine local government as a subset of the wider political landscape and lack of democratization. Local governance being the most immediate form of government and closest to the citizen and the focus of many democratic governance efforts in addition to decentralization being a major donor attraction and one of prescriptions of the neo-liberal Washington Consensus. This will be done through a review of the history of local government in Egypt, decentralization in development studies in general and as applied to Egypt. This is conducted before reviewing samples of decentralization initiatives in Egypt and the case study of the USAID funded EDI.

Egypt's centralized structure of governance can be traced back to the Pharaohs. This emphasis on the centralized power of the pharaoh was also further enforced by the belief that "the demands for a centralized manipulation of the Nile's irrigation system reinforced the tendency of the entire bureaucracy to see its interests and influence directly tied to the central government as the only legitimate seat of power. The prosperity of Egypt was dependent on the efficiency of its governmental

organization to a degree hardly equaled anywhere in the world”¹⁵ . A highly centralized structure of governance continues to characterize Egypt’s form of governance until today. Various forms of governmental structures have been instilled in Egypt across Roman, Arab/Muslim, French, Ottoman, and British rule; all characterized by centralized top-down structures with the main seat of power located usually in Cairo and in Alexandria during Roman rule. These local structures were tasked with duties such as tax collection, maintenance and sanitation, management of a wide range of farming activities, military drafts and at times cultural and religious ceremonies¹⁶ . The limited decentralization, mainly involving the de-concentration of basic services such as sewage, sanitation, and local infrastructure has always been big with central government and their local arms. There is a pattern whereby only such limited functions have been entrusted to local government structures, in terms of the extent of devolution of powers, from the days of Khedive Ismail to Egypt’s former Minister of Local Development, Mohamed Abdel Salam El Mahgoub.

Given the highly centralized structure of Egyptian governance since the Pharaohs, it is no wonder it has constituted an attraction to donor agendas for over twenty five years. Decentralization has been applied in developing and developed countries across the world. As of 2002, over 60 countries had adopted it as “an important component of development strategy”¹⁷ . In a 2008 report issued by the World Bank’s Independent Evaluation Group evaluating decentralization efforts supported by the World Bank, the authors noted that “Most World Bank client

¹⁵ Mayfield, 1996, 51

¹⁶ Lewis, 1989, 134

¹⁷ Lindaman and Thurmaier, 2002, 918

countries have decentralized to at least one level of elected subnational government”¹⁸ The reasons behind the adoption of decentralization and its application by host governments have varied to and has ranged from increasing central control over peripheral areas, improving service delivery, strengthening national unity through increased participation, combating corruption, enhancing political legitimacy, tackling poverty reduction and reducing red tape amongst other reasons. Over the last decade in Egypt alone various donors including the United States Agency for International Development (USAID), the United Nations Development Program (UNDP), the World Bank, the Government of Netherlands, and the Government of Canada have put millions of dollars in supporting decentralization initiatives in Egypt such the National Program for Integrated Rural Development, also known as the *Shorouk* (sunrise) program, the Egyptian Decentralization Initiative, Municipal Initiatives for Strategic Recovery (MISR), and the UNDP supported Technical Support to the Ministry of Local Development . Yet despite this international trend to adopt decentralized frameworks and the ongoing donor enthusiasm for such initiatives, decentralization in Egypt remains to be an “on-going” affair and political decentralization still pending.

Research Problem:

How can aid donor countries impact the policies in aid recipient countries, despite resistance from the recipient governments? What impact does American democracy assistance have on the Egyptian political landscape particularly pertaining to the field of decentralization and local government?

¹⁸ World Bank ,2008, 5

Research Questions:

- Why is democracy assistance being allocated for the Middle East considering the notorious history of American democrats with Arab autocrats?
- What type of democracy is being assisted or promoted in the case of Egypt?
- Are there alternatives to the democratic system proposed by USAID?
- Is democracy assistance aimed at achieving democratic governance per se or is there an economic pre-requisite underpinning any attempt at democratizing the Egyptian political sphere?
- Is democracy assistance geared towards the economic liberalization of Egypt, irrespective of the democratization of Egyptian politics?

Hypothesis/Thesis Statement:

The main objective behind American democracy promotion/assistance efforts is to institute/impose an economic – neoliberal market model – irrespective of actual democratic politics and self-rule based on participatory politics of democratic governance¹⁹.

Methodology:

The argument being that democracy assistance programs are designed to essentially support and promote a particular form of economic system and not

¹⁹ The selected case study is the USAID funded Egyptian Decentralization Initiative (EDI), which is a program under Democratic Governance and serving economic objectives at the expense of strengthening participatory democratic governance at the local level as claimed.

“democracy” per se. The economic system in question is that of the neo-liberal market economy, and based on this economic prerequisite any “democratic” objectives must uphold the neo-liberal market economy. Since the topic at hand involves both economic and political governance, I chose to examine USAID’s Egyptian Decentralization Initiative as it involves economic objectives, namely fiscal and administrative decentralization, to be achieved under the objective of strengthening democratic governance. This effort will focus on examining “democracy assistance” as undertaken by USAID in Egypt through documentary analysis and the case study of the Egyptian Decentralization Initiative under the Democratic Governance portfolio conducted by USAID against a backdrop of the tangible developments on Egypt’s political and economic landscape through decentralization. During the course of this effort, I will examine democracy promotion and democracy assistance in general, the theoretical underpinning of neo-liberalism at the heart of American democracy promotion, decentralization as it relates to neo-liberalism and democratic governance and an examination of Egypt’s history of local development and decentralization to set the stage for the case study.

In addition to the political economy approach utilized throughout this effort for the documentary analysis of relevant sources and the selected case studies, the use of interviews in addition to primary and secondary sources has been deployed throughout this work. Interviews have been conducted with Rudy Runko, Chief of Party, and Ernie Slingby, Senior Advisor, of the Egyptian Decentralization Initiative (EDI). Aladeen El Shawa, Local Development Expert, United Nations Capital

Development Fund (UNCDF), Rania Hedeya, Program Analyst with the United Nations Development Program in Egypt responsible for decentralization

Objectives:

- Achieve a better understanding of the new form of purported aid or development assistance supported by an increasing number of international development organizations particularly USAID. Said aid which is advocated under the guise of freedom and neutrality of a universal good when in actuality it entails hidden conditionality and extreme ideological biases that may at times limit popular participation in the political process and encroach on and restrict the very freedoms and values allegedly being supported.
- Examining/reviewing the status of democratic political development at the local level in Egypt (or lack thereof) in light of the aid regimes complacency with autocrats and the palpable stalemate of democratic governance in the country. The particular focus will be on the role of the United States' aid apparatus in maintaining the status quo of a façade political democratic transition to further pursue the complete economic transition of Egypt's economy to neo-liberal market model.
- Question the possibility of alternatives to neo-liberal dictates of the "free market" model in terms of economic operations and the consequential effects on political governance and the attainment of democratic and participatory politics. Capitalism/or free market fundamentalism is not a prerequisite for democratic politics, but is in fact means to erode democratic politics.

- Debunk the myth of capitalism as the main impetus for democratic governance through proving that the existence of a market economy does not necessarily mean the presence of democracy, by highlighting relevant aspects of theory and case studies.

Materials:

The proposed materials to be reviewed and analyzed include both qualitative and quantitative efforts on democracy assistance in general, democratic transitions, Egyptian political developments, neo-liberal expansion under the guise of political reform (e.g. the literature on low intensity democracy and polyarchy) and democratic alternatives to the narrowly defined capitalist American model. Given the scope of this effort, quantitative efforts will only be resorted to in a selective manner throughout the course of the thesis. The case study draws on the progress reports and evaluation information shared by USAID Egypt in addition to online resources and reports pertaining to USAID Egypt's Democratic Governance (DG) portfolio.

The research effort, in attempt to better understand democracy assistance both in Washington D.C. and its consequences in Cairo, will review both primary and secondary sources on the receiving and donor ends of the spectrum. Relevant project documents and reports commissioned by USAID.

In terms of quantitative studies, there are a number of important studies despite the difficulty in quantifying measures of democracy and therefore assessing changes in impact is a recurring theme. I will review the work of Scott and Steele

who conducted a study of 1,754 NED assistance grants from 1990 to 1997 and democratization data from the developing world, using control variables such as wealth, progress in education and the impact of culture to test two main hypotheses: 1. Democracy Promotion Hypothesis: Democracy assistance by the NED contributes to progress in democratization of recipient countries; 2. Democracy Consolidation Hypothesis: The democratization of recipient countries results in NED grants designed to reinforce that progress²⁰. I will also review the work of Steven Hook who studied the correlations between aid allocations and democracy or human-rights issues and concerns²¹ in addition to Knack's multivariate analysis of the impact of aid on democratization in a sample of recipient nations from 1975 to 2000²². Moreover, Finkel et al's 2006 study of the impact of U.S. democracy assistance on democracy building world-wide, using an exhaustive survey of the USAID democratic governance portfolio from 1990 to 2003 and Freedom House and Polity IV datasets. We should note that whatever indexes do exist, such as that of Freedom House, cannot define freedoms or democratic ranking without invoking controversy regarding the capitalist/market prerequisite for democracy and whether the neo-liberal economic paradigm guarantees. There however appears to be some sort of conflict of interest as Freedom House, one of the most widely cited indexes in terms of gauging political and economic development, seems to also obfuscate the debate by equating democracy with capitalism.

²⁰ Scott and Steele, 2004, 439 – 442

²¹ Hook, 1998, 77-80

²² Knack, 2004, 251-266

Assuming, one were to supplement the increasingly difficult task of quantifying democracy, particularly in assessing the impact of assistance, another obstacle, that of inconclusive studies would soon hinder any attempt to reach a clear cut stance on the impact of democracy assistance in assisting democracy. As Thomas Carothers notes “democracy assistance rarely has decisive steps”. Possible measures of mitigating such a risk is through conducting interviews with specialists in the field of foreign aid in general and democracy assistance in particular.

Literature Review:

Before embarking on a review of the subject of “democracy assistance” and how it relates to Egypt and the broader Arab world, one must note the scant availability of literature on the subject of democracy assistance in general and that pertaining to the Arab world and Egypt in particular. As one scholar notes: “Despite the significant growth of democracy assistance, it has been only sporadically examined by US policy analysts and scholars, and remains poorly understood by most persons outside the immediate circle of practitioners”²³. In terms of academic inquiry, Carothers also notes that: “there is remarkably little borrowing by aid officials engaged in democracy promotion of ideas and concepts from the burgeoning scholarly literature on democratic transitions...The reasons for the lack of close connection between democracy assistance and scholarly inquiries into democratization are various...They include the differing purposes of the two endeavors—finding ways to produce change as distinct from finding concepts to

²³ Carothers, 2000, 181

explain change—the tendency of practitioners not follow academic debates and writings, and the tendency of scholars not to seek to engage directly the assistance community”²⁴. However before fully understanding democracy assistance as conducted by US in Egypt, we must review the theoretical debates and literature on why the US promotes “democracy”, the very meaning of “democracy” being assisted or promoted, the debates surrounding measures of promoting or achieving said “democracy” and the impact if any such efforts have had so far.

The very definition of “democracy” is quite contested in the literature amongst those who accept that other alternatives beyond the narrowly defined and culturally/historically specific model of US democracy²⁵. Larbi Sadiki describes this as the “democratic paradox” which is that “democracy is essentially a contested concept; yet it is globally marveled at as an uncontested ideal”²⁶. Or as Carothers explains it: “...US democracy promoters push to create political attributes that are quite specific to American democracy yet hold them out as features of liberal democracy generally”²⁷. Which explains Smith critique of the issue: “The literature on US democracy promotion seems remarkably short of any discussion of democratic theory outside the US mainstream literature. To be frank, it often reads as if the definition of democracy is uncontested, and that two thousand years of political theory is irrelevant. ...but all my efforts to find any analysis of alternative versions of even *liberal* democracy have been unsuccessful...Crucially, whereas

²⁴ Carothers, 2000, 193

²⁵ Smith, 2000, 72, Gills, 2000, 372, Sadiki, 2004, 9, 10, Robinson, 2000, 310, Carothers, 2000, 192

²⁶ Sadiki, 2004, 9

²⁷ Carothers, 2000, 194

promoting US-style democracy is a political choice, with strengths and weaknesses, it has been presented in such a way as to imply that there is one version of democracy and that it is applicable across cultures and societies [emphasis in the original]”²⁸ . Such a point is eloquently discussed in the various chapters by Thomas Carothers, Steve Smith, Barry Gills and William Robinson in *American Democracy Promotion: Impulses, Strategies and Impacts* edited by Cox et al. Further works on the manipulation of contestations of “democracy” can be found in “Low Intensity Democracy” by Barry Gills and Joel Rocamora who note that: “In the absence of progressive social reform the term 'democracy' is largely devoid of meaningful content. Indeed, it is in danger of becoming a term of political mystification or obfuscation, serving as a euphemism for sophisticated modern forms of neo-authoritarianism”²⁹ .

No work on democracy assistance is complete without the mention of the work of Thomas Carothers. As one of the leading scholars on American democracy assistance, his works contribute greatly in the analysis of Egyptian experience with democracy assistance and its on-going transition to attaining fragmented aspects of democratic governance. Carothers, was described by a 2005 USAID funded study, *Effects of US Foreign Assistance on Democracy Building*: “The most extensive, detailed evaluative work emerges in the several works of Thomas Carothers...taken collectively, offer[s] what is arguably the most detailed case study material available outside of the evaluations written under contract by USAID itself (i.e. end of project

²⁸ Smith, 2000, 72

²⁹ Gills and Rocamora, 1992, 502

evaluations carried out by USAID contractors)³⁰. Carothers' work is both rich and diverse as it critically examines US democracy assistance efforts throughout the world, works such as *Aiding Democracy Abroad: The Learning Curve* and *Funding Virtue: Civil Society Aid and Democracy Promotion* with Marianna Ottaway. *Unchartered Journey: Promoting Democracy in the Middle East* edited by Ottaway and Carothers, explores democracy assistance in the region and the debates arising from Middle East democracy promotion and the policy choices available for donors involved in this form of development assistance. Thomas Carothers is able to bring to the discussion a viewpoint of an academic familiar with the literature and the actual situations on the ground and thus manages to deliver a balanced and unbiased view of what works and what does not in terms of democracy assistance. However, the abovementioned cannot be taken on its own. Al Sayyid takes a more critical approach to his assessment of the support of democracy promotion within the prevailing global political system and the dominant geo-strategic interests noting that "Western efforts to promote democracy in the Middle East have been halfhearted and disorganized"³¹. Kienle also shares Al Sayyid's view noting the very limited success, or lack thereof, in Western democracy promotions irrespective of the size of the intervention. According to Kienle, in his assessment of the various forms democracy promotion in the region is "the only conclusion that can be safely drawn

³⁰ Finkel et al, 2006, 10

³¹ Al Sayyid, 2007, 228

is that the standard recipes for democracy engineering contribute to the reconfiguration of authoritarian rule rather than democratization”³².

The impact of democracy on economic growth and the general relationship between the market and democracy remains to be amongst the most controversial aspect of the debate around US democracy assistance³³. Cox et al phrase it as the “often tense, rarely straightforward relationship between the market and democracy”³⁴. Debates around this point span across the literature as it explains and details not only the purpose behind democracy assistance but methods of achieving (implementing programs) and impact assessment. Critiques of neo-imperialism, low intensity democracy, polyarchy and the economic interests underlying democracy promotion stem from the point that what is actually being pursued by US democracy promotion is a neo-liberal economic system as a superstructure with a weakened political sub-structure. Advocates of the market democracy assume and argue that without a fully-fledged free market economy, democracy cannot exist.

Perhaps one of the most striking aspects of democracy assistance is that of impact. It is safe to say that as far as impact assessments are concerned, no concrete results have been confirmed for the Arab world as of yet. Quantitative studies have yielded inconclusive results. Partially this is due to the fact that not many efforts have been taken conducted that respect and when they have been conducted results are not necessarily stellar. Democracy promotion efforts have received mixed reviews from

³² Kienle, 2007, 247

³³ Smith 2000, Robinson, 2000, Bunnberg 2005, Bellin 2005

³⁴ Cox et al, 2000, 3

those who openly embrace these policies to support regime change and democratic consolidation to those who view them as a form of interventionist policies of cultural imperialism and an extension of American hegemony. Although results are “mixed”, most qualitative analysis indicated that the results were also uniformly negative in assessing democracy assistance or democracy focused aid. According to the USAID funded study by Finkel, Perez-Linan and Seligson, the works of David Sogge, Peter Burnell, Gordon Crawford and Sheila Carapico have not had positive views of democracy assistance programs. Peter Burnell in an interesting and stimulating article titled “The Domestic Political Impact of Foreign Aid: Recalibrating the Research Agenda” notes that some of the most influential works in the field such as Cox et. al *in American Democracy Promotion: Impulses, Strategies and Impacts*, Schraeder’s *Exporting Democracy: Rhetoric Vs. Reality* and the work of Gordon Crawford, amongst others do not “presume that democracy aid has been successful”. Such a reality warrants Burnell’s call for “assessing aid’s political impact rather than *evaluating* democracy aid’s effectiveness claims for political science in undertaking to explain the politics of countries not as objects of western interference but as legitimate subjects of inquiry in their own right”³⁵.

A similar stance although not as explicitly stated is also the main conclusion of the “inconclusive” bulk of quantitative works on democracy assistance and its impact on democratization. The most comprehensive study, *Effects of US Foreign Assistance on Democracy Building* conducted by Finkel, Steven and Seligson for USAID in 2005, spanned all democracy assistance carried out between 1990 – 2003.

³⁵ Burnell, 2004, 144

Despite arguing that democracy assistance had positive impacts in general, when analyzing the Middle East, despite some \$606 million in democracy assistance, the study notes that the “Middle East as the exception to the general pattern”³⁶ . This point has also been elaborated by Al Sayyid noting that “Western efforts to promote democracy in the Middle East have been halfhearted and disorganized”³⁷ . Scott and Steele’s study on the impact of National Endowment for Democracy support concludes that : “In contrast to most optimistic studies of democracy assistance in general, and of the NED in particular, the results cast doubt on the effectiveness of NED grants as an instrument of democracy promotion or consolidation”³⁸ .

This thesis will explore the ability of donor countries, the US, to influence domestic policies in the recipient country, Egypt, pertaining to democratization and political reform through the democracy assistance provided to Egypt. The case study chosen is of the EDI. The general hypothesis is that given that an integral component of US democracy assistance is built on the premises of supporting market economic reforms that are assumed to induce democratic reforms eventually, the recipient country can chose to block the democratic reforms and selectively liberalize its economy as demonstrated in the case of Egypt and decentralization.

³⁶ Finkel et al, 2006, 85

³⁷ Al Sayyid 2007, 228

³⁸ Scott and Steele, 2005, 439

CHAPTER II

AMERICAN DEMOCRACY PROMOTION AND IMPACT ON DOMESTIC POLICIES: A CRITICAL APPROACH

Increasing steadily over the past two decades, democracy assistance is now a significant component of most major development organizations today. Reportedly, annual expenditure on democracy promotion is in excess of USD 5 billion dollars³⁹. Initially led by the United States and Germany in the 1980s, democracy promotion has since then been pursued by a majority of established democracies to various degrees of involvement and engagement in the provision of democracy assistance⁴⁰. Currently democracy promotion is being pursued by governments such as Sweden, the Netherlands, Germany, the European Union, Denmark, Norway and Spain. Democracy promotion has been pursued by donors and aid agencies for a multiplicity of reasons, ranging from beliefs that democracies are less likely to go to war and thus strengthening global peace and security, supporting economic interests and trade, curbing the effect of terrorism, cold war containment strategies and extending local political ideologies and projecting them at the international level of world politics. Democracy promotion efforts have received mixed reviews from those who openly embrace these policies to support regime change and democratic consolidation to those who view them as a form of interventionist policies of cultural imperialism and an extension of American hegemony. Indeed democratizing Iraq and the consequent toppling of the regime of Saddam Hussein was given as an excuse for occupation and invasion of Iraq. However, since the focus of this effort is on American democracy

³⁹ Burnell, 2008, 414

⁴⁰ Carothers, 2007, 112

promotion in particular, it will attempt explain the rationales behind it. This chapter will focus on why democracy promotion takes place, its theoretical underpinnings, the various forms it may take and the general criticisms of this form of aid in both theory and application.

Before exploring the subject any further, we must first differentiate between democracy promotion and democracy assistance. Acuto defines democracy promotion as “an umbrella term that covers various activities aimed at fostering, improving, and sustaining good governance at several political levels. It comprises assistance, consolidation, dissemination, and advocacy”. While democracy assistance is described as: “the provision of support (financial, cultural, or material) to ‘democratic agents’ in the process of democratization, without entailing direct intervention. It seeks to foster the conditions for the rise of a democratic regime, such as NGOs’ patronage or diplomatic pressure, and is thus as Thomas Carothers puts it, ‘a quiet support for democracy’ ”⁴¹ . Burnell adds to this definition by noting that: “...democracy assistance, such as practical support to the electoral process, strengthening civil society and horizontal mechanisms of accountability like the judiciary. But democracy assistance is only one of the instruments, tools or approaches that democracy promotion uses to promote democracy”⁴² . Therefore democracy promotion is the much larger concept of supporting democratic governance, while democracy assistance refers to the targeted efforts pursued by development agencies to strengthen and support democratic processes.

⁴¹ Acuto, 2008, 464

⁴² Burnell, 2008, 417

Origins of Democracy Promotion:

Before the 1980s, not much of US foreign aid was aimed at supporting or promoting democracy in the world. According to Carothers, in the 1950s, US aid was “heavily security-oriented” consisting primarily of economic and military assistance to friendly regimes. This shifted in the 1960s, with modernization theory as a driving force and the belief that economic development would lead to political development and democracy. Carothers explains this as: “economic development rose as a priority of US aid, both as a goal in and of itself and as an objective tied to US security interests – the idea being that promoting economic development in the Third World would deter countries from ‘going’ communist”⁴³. Carothers notes on particular incident in 1966, with the passage of Title IX of the Foreign Assistance Act, whereby USAID was to ensure the “maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local government institutions”⁴⁴. However, the understanding of USAID and the implementation of these programs which largely took place in dictatorships albeit in sectors such as legislatures, legal reform, labor unions and civic organizations was “more about increasing participation in economic development than about democratization”⁴⁵.

However, it should also be noted that the inconsistencies of American democracy promotion were unabated by the trends in US foreign assistance

⁴³ Carothers, 2000, 182

⁴⁴ Ibid

⁴⁵ Ibid p.183

particularly throughout most of the cold war. As Ralph notes: “Throughout the cold war, the policy of promoting democracy was simultaneously supported and undermined by realist considerations of power relations with the Soviet Union. Where it risked undermining geopolitical allies it was opposed by realists, and where the policy sought to undermine communist regimes it was, in the main, supported”⁴⁶ .

In the 1970s, the rationale was the “basic human needs” approach, which did not result in much change in terms of US foreign assistance or the USAID portfolio. It was particularly in the 1980s, whereby democracy promotion experienced a surge as part of the Reagan administration’s “war of ideas” with the Soviet Union and heavily emphasized anti-communist policies. The establishment of the National Endowment for Democracy (NED) in the early 1980s and the rising US democracy assistance to transitioning regimes in Central and Latin America further supported this trend in American assistance to democracy. By the end of the second Reagan administration, it was claimed that anti-communist strategic concerns were no longer the primary driving force for democracy assistance, as more countries appeared to be transitioning to democracy. US support to democracy was not limited to Central and Latin America but “as countries in other parts of the world began to democratize in the second half of the 1980s, US democracy assistance followed”, at that point the US was providing democracy assistance to Asian countries such as the Philippines, South Korea, Taiwan, and Pakistan⁴⁷ . However, criticisms of American democracy promotion to Central and Latin America have been some of the most vocal in the field. One observer

⁴⁶ Ralph, 2000, 201

⁴⁷ Carothers, 2000, 184

summed up US democracy promotion in Central and Latin America as follows: “The entire history of US relations with Latin and Central American countries fails to support the notion that the US has sought to promote democracy. Indeed, the opposite case is strongly supported...US policies towards these countries changed towards the promotion of democracy only when it came to be seen in Washington as a more effective way of furthering US interests”⁴⁸ .

The 1990s saw the “mushrooming” of democracy assistance with the collapse of the Soviet Union and consequent demise of communism in Eastern Europe. Democracy assistance was also provided to albeit to a relatively limited extent to Sub-Saharan Africa and the Middle East during this period. Carothers explains that in so far American assistance to democracy in Asia was concerned, some US aid officials “held to the idea that it might be better just to focus on economic development and let political development take care of itself”⁴⁹ . This view is extremely relevant and continues to be so particularly upon reviewing the democracy promotion efforts and assistance provided to the Middle East.

During the Cold War, initial democracy assistance efforts existed as “just a side element of anticommunist security politics”⁵⁰ . However, over time it became part of broader prodemocracy frameworks within US foreign policy, mostly because of the changing international political order with the collapse of the Soviet Union and the overall resulting shift in US policy that was “no longer anchored in a framework of

⁴⁸ Smith, 2000, 65

⁴⁹ Carothers, 2000, 185

⁵⁰ Carothers, 2007, 112

geopolitical strategic competition”⁵¹ . However, what was originally a footnote in Cold War foreign policy has grown into a main aspect of development cooperation in the world today. USAID in Egypt alone has spent USD 1.13 billion in total assistance of democracy and governance during the period from 1975 to 2009⁵² .

As the Cold War came to an end, and new opponents of American hegemony appeared, the language and rationale of democracy promotion was able to adapt to a changing global reality. That moment in history ushered what was termed the “democratic enlargement” policy under Clinton. Today, the rhetoric may have changed slightly in line with international affairs, particularly with the infamous events of September 11, 2001 and the ensuing American led “war on terror”. According to Dalacoura: “USAID has increased emphasis on democracy promotion since 2001, as a means of reducing poverty and enhancing US security”⁵³. Since the 1990s, the US has been spending over \$500 million a year to promote and assist democracy in over 50 countries across the world through various actors such as the Department of Defense, USAID, the National Endowment of Democracy, the Asia Foundation and Eurasia Foundation and governance programs are supported and financed by a wide range of multilateral agencies such as the United Nations and multilateral banks such as the World Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, and the Asian Development Bank⁵⁴ .

⁵¹ Ibid

⁵² USAID, <http://egypt.usaid.gov/Default.aspx?pageid=367> , accessed on 13 November 2010

⁵³ Dalacoura, 2005, 963,964

⁵⁴ Carothers, 2000, 181, 186

Why the US Promotes Democracy:

The historical record showed a variety of reasons for the American promotion of democracy. Such as containment and the geopolitical security interests of the US during the cold war, basic human rights needs, supporting economic expansion of US interests, reducing poverty and fighting terrorism. This section will focus primarily on the reasons given for American support to democracy promotion with an emphasis on the economic reasoning inherent to what appears to be a political objective

Democracy as we know it remains to be a universally contested concept and a relatively new one at that. According to Sen: “The idea of democracy as a universal commitment is quite new and it is quintessentially a product of the twentieth century”⁵⁵. Democracy promotion as such is even more novel a concept and has been subject to various influences and continues to be so.

Observers have traced back the international and particularly American commitment to liberal democracy and to “champion the promotion of democratic government abroad” to Woodrow Wilson’s presidency from 1913 to 1921⁵⁶. This was built on Wilson’s “triad” of “liberal governance, peace and free markets”⁵⁷. Explained mainly in terms of what was described as a Wilsonian “internationalist liberal agenda” that sought to “shape the post-war order” and in the process “Wilson’s idealism had direct implications for his view about the goals of American foreign

⁵⁵ Sen, 1999, 4

⁵⁶ Smith, 2000, 85

⁵⁷ Acuto, 2008, 463

policy, including the centrality of democracy to the emerging international order”⁵⁸ . Such idealism has supported the Democratic Peace Thesis which simply states that: “Liberal states, the argument runs, founded on such principles as equality before the law, free speech and other civil liberties, private property, and elected representation are fundamentally against war. When the citizens who bear the burden of war elect their governments, wars become impossible. Furthermore, citizens appreciate that the benefits of free trade can be enjoyed under conditions of peace”⁵⁹ . Ikenberry sums up the liberal argument for democracy promotion aptly as: “the United States is better able to pursue its interests, reduce security threats in its environment, and foster a stable political order when other states – particularly the major great powers – are democracies rather than non-democracies”⁶⁰ .

According to Cox, Ikenberry and Inoguchi democracy promotion can have a variety of reasons “while some analysts view it as an unnecessary intrusion into the otherwise normal conduct of diplomatic relations...others regard it as part of a practical strategy to advance American national interests. More cynical observers see it as a mere façade designed to mask the hard edge of American hegemony; quite a few, however dismiss it almost completely as being of very minor importance in understanding the deeper sources of American conduct in world affairs. There is even a strand of thinking which seems to feel that the promotion of democracy is a form of Western arrogance, stemming from the quite false assumption that a concept of human

⁵⁸ Ikenberry, 2000, 104

⁵⁹ Doyle, 2000, 22

⁶⁰ Ikenberry, 2000, 103

rights born under one set of conditions has universal meaning and could and should be applied to other, very different cultures”⁶¹ .

However, it should be noted that despite the liberal theoretical underpinning of Wilsonian international liberalism, practice has been far from idealist or liberal in that sense. This was not necessarily confined to the geopolitical struggle that characterized the cold war. Wilson himself did not hesitate to use military force on seven occasions in the period from 1914 to 1918⁶² . Also amidst fear of Bolshevism and the state of the world at war, Wilson understood the “power of values and norms in international relations” and applied his slogan not necessarily with the “ultimate purpose...to free all nations, but rather to undermine the remaining empires on the European continent and win America friends in eastern and central Europe”⁶³ . As Ralph notes on the inconsistencies and geopolitical considerations affecting American democracy promotion: “While some realists may have welcomed an opportunity to revise the status quo in the pursuit of primacy, most realists prudently accepted the unsatisfactory but none the less tolerable order. Thus, the ideological agenda was mitigated in the name of order in Hungary in 1956, Cuba in 1962 and eventually in Vietnam when the material consequences of disorder proved too costly”⁶⁴ . Another infamous incident can be added to that, which is the overthrow of the democratically elected Allende regime in June 1970 in Chile and its replacement with that of the Dictator Augusto Pinochet. The words of Henry Kissinger commenting on this incident can sum up the

⁶¹ Cox et al, 2000, 7

⁶² Cox et al, 2000, 6

⁶³ Ibid, 7

⁶⁴ Ralph, 2000, 201

realist tendencies and geopolitical concerns that have overshadowed the liberal façade for the support of democracy in American foreign policy: “I don’t see why we need to stand by and watch a country go communist because of the irresponsibility of its own people”⁶⁵ .

Analysts and policy makers have taken this theory and further developed it to stress the importance of trade and economic liberalization and justify the selective American support in the creation and support of democracy. As Ikenberry notes: “The claim is that open markets have a salutary impact on the political character of the regimes of other countries, dissolving autocratic and authoritarian structures and encouraging more pluralistic and accountable regimes. Because trade and economic openness have liberalizing political impacts, international order that is organized around free markets promotes and reinforces the types of states that are most inclined to pursue free markets. It is a self-reinforcing order”⁶⁶ . Proponents of this line of thinking and their analysis further defends this argument based on the created interdependence demanded by trade relations and economic growth’s impact on creating democratic states.

Despite being overshadowed by more immediate security concerns and containment issues during the Cold War, such liberal ideas that originated from Wilson’s international idealism have always been present in American Foreign Policy. According to Ikenberry: “This claim about the positive impact of trade on economic development and economic development on politics has had a long and well-

⁶⁵ Henry Kissinger quoted in Smith, 2000, 66

⁶⁶ Ikenberry, 2000, 114

established hold on official American foreign policy thinking...This liberal view makes an intensely materialist assumption: that economics shapes politics...This view lies at the core of American foreign policy efforts at ‘engagement’ – whether it is directed at South Africa the Soviet Union or China”⁶⁷ . Originating from Wilson’s triad and subsequently shaped by various economic arguments and the ensuing market fundamentalism, democracy promotion has maintained its role to varying degrees within American foreign policy. Such economic biases have not only impacted the practice of democracy promotion but have also been a driving force in Western, mostly American approaches to aid in general. According to one senior Western aid official the logic was simple: “economic growth would create a middle class with property interests which, however small would make its beneficiaries hostile to political instability in general and Communism in particular”⁶⁸ .

Economic interests have always been at the heart of what is termed democracy promotion. Regardless of the underlying political arguments, democracy promotion has been echoed by recent American presidents from Ronald Reagan, George Bush, Bill Clinton, George W. Bush and Barrack Obama. The rhetoric of democracy promotion continued unabated by the end of the cold war and the geo-political shift in world politics. To the extent that one observer noted that “democratic enlargement” was the “doctrinal centerpiece” of Clinton’s foreign policy. After reviewing the historical ascendance and theoretical underpinning of democracy promotion, we can claim that what Reagan called a “crusade for freedom” to Clinton’s “democratic

⁶⁷ Ibid 15

⁶⁸ Sogge, 2002, 117

enlargement” were merely political tools to achieve economic interests. The US’s support to autocratic regimes and undermining democracy in Latin America and the Middle East stands testament to the actual American commitment to pursuing democracy. As various observers have noted this was not for the pursuit of democracy as a goal in itself, but more about the pursuit of American economic interests under the guise of democracy. As Steve Smith eloquently puts it “the Clinton administration’s focus on democratic enlargement now appears to have been more of an attempt to come up with a ‘big idea’ or overarching theme for US foreign policy after the cold war than any commitment to democracy enlargement as the centerpiece of actual policy... the Clinton administration’s policy on democracy promotion (w)as just as subordinated to US economic interests as were all the earlier overarching themes of US foreign policy”⁶⁹ .

The perspectives of Smith, Ralph and Robinson are in line with the general argument and theoretical premise of American democracy promotion. Some observers such as Robinson consider American interventions to be “part of a long-term strategy to consolidate the global neoliberal economic order by imposing a political superstructure made up of neoliberal states—that is, open to foreign capital—professing to be democratic”⁷⁰ . Starting off with the internationalism expressed through Woodrow Wilson’s triad of “liberal governance, peace and free markets”, the constant pursuit of US economic interest through various foreign policy tools and the consequent rise of neo-liberalism and neo-liberal globalization, all seem to re-assert

⁶⁹ Smith, 2000, 67

⁷⁰ Ralph, 2000, 206

the views put forward by Smith, Ralph, Robinson, Gills and Rocamora amongst others. This can be summed up by the fact that the US as it pursues its economic interests supports the creation and maintenance of regimes that are conducive to the neoliberal economic order, irrespective of what that entails for the local populations, which have primarily market economies and complementary democracies. This is further emphasized through the constant importance free markets play in the various strands of theory underpinning American democracy promotion whether in the Wilsonian triad, the Democratic Peace Thesis, free market liberal democracy's impact on economic development, neo-liberal Reaganomics and Clinton's democratic enlargement. Throughout the course of American democracy promotion, the role of free markets was always vital to any form of political or democratic organization.

The Rise of the Washington Consensus and Neoliberalism:

The prescriptions of the Washington Consensus, which advocate the following: “free trade, capital market liberalization, flexible exchange rates, market determined interest rates, the deregulation of markets, the transfer of assets from the public to private sector, the tight focus of public expenditure on well directed social targets, balanced budgets, tax reform, secure property rights, and the protection of intellectual property rights”⁷¹, have been critiqued by many observers and yet continue to set the standard for policy making in Egypt and many “reforming” economies today. It is beyond the scope of this effort to discuss the disadvantages of such an economic system, however, we must understand how devastating such an approach to

⁷¹ Held et al, 2002, 8

governance actually is to fully comprehend the result of a free market neo-liberal prerequisite for democratic governance.

Although the now infamous Washington Consensus was originally envisioned by John Williamson as an economic solution that would be appropriate for developing countries and accepted in policy making circles in Washington, it was later discovered that it in fact exacerbated the problems it set out to alleviate⁷². The main reason for this is that in the original formulation, Williamson did not endorse free capital mobility⁷³. However, as the term became associated with the right wing economic policies endorsed by Margaret Thatcher and Ronald Reagan in the 1980s, also known as Reagonomics, certain attributes of the original formulation changed such as the emphasis on “free capital movements, monetarism, and a minimal state that accepts no responsibility for correcting income inequalities or managing serious externalities”⁷⁴. The ensuing economic orthodoxy has had disastrous effects all over the globe in achieving fair, equitable and sustainable economic growth.

Decentralization and Neoliberalism

What Held refers to as “the minimal state” or what is dubbed by Kerlin and Kubal as “state shrinking” are vital aspects of the Washington Consensus. According to Kerlin and Kubal: “state shrinking became the agenda of the day, as reformers worked under the assumptions that private markets were inherently more efficient than government bureaucracies and that where outright privatization was not possible,

⁷² Held et al, 2002, 8

⁷³ Held et al, 2002, 8,9

⁷⁴ Held et al, 2002, 9

smaller, subnational bureaucracies would be more effective in many areas of service delivery than central governments (often referred to as the “subsidiarity principle”)⁷⁵

A technical solution called decentralization provided the necessary entry point for the application of the neo-liberal development policies of the Washington Consensus. Kerlin and Kubal elaborate on that point noting that: “Decentralization was often one of the structural reforms prescribed by neoliberal reform teams in both third and former second world countries. Given the pressure to achieve macroeconomic stability in order to maintain interest payments on foreign loans and to attract foreign investment, as well as the relative ease with which they could be implemented, stabilization measures – often termed “shock therapy” – generally preceded more complex and often contentious structural adjustment programs. Thus decentralization measures in specific policy areas such as education, housing, and health care often followed measures such as deregulation, elimination of consumer subsidies, and budget cuts on the neoliberal reform agenda”⁷⁶. Decentralization as such has been used extensively to further strengthen “market forces” in accordance with the dictates of the Washington Consensus and neo liberalism leading to more privatization and the erosion of the welfare state and in critical areas such as housing, healthcare and education which can be vital in developing country contexts.

This use of decentralization to further neoliberal reforms has been noted by critical observers ever since the World Bank began promoting the concept in the late

⁷⁵ Kerlin and Kubal, 2002, 2

⁷⁶ Ibid

1980s⁷⁷ and is a recurring theme in this thesis. Slater further elaborates on this point noting that: “The view that the term ‘decentralization’ can be deployed as a mask, to cover quite different objectives, has been recently reasserted... since the 1970s ‘international technocracy’ has been sustaining ideas of decentralization through an interrelated series of schemes, such as the promotion of intermediate sized and small towns, integrated rural development, self-help housing and the championing of the ‘informal sector’. As far as the territorial organization of the state is concerned, the municipality is in the process of being resurrected, whilst central bureaucracy is being cast in the role of the key barrier to balanced development...in the United States and Western Europe, the idea of decentralization becomes as a mask for dismantling the welfare state. Whereas some specific functions of the state maybe decentralized to the local level, there is no equivalent decentralization of resources; on the contrary there is more concentration of wealth. The idea of decentralization is attractive; it can be seen as a way of breaking free the solidified blocks of a rigid central bureaucracy; it can be invoked as a crucial step towards a more sustainable pattern of social and economic development, and it can be linked to calls for more participation in the decision making process as a whole. However, it can also be a less than overt step on the way to increased privatization, deregulation and a rolling-back of many of the economic and particularly social functions of the state”⁷⁸.

USAID has been a major supporter of decentralization both in Egypt and beyond. According to Dininio in USAID’s *Experience in Decentralization and Democratic Local Governance*: “USAID’s support for local governments spans four

⁷⁷ World Bank, 1988, 10

⁷⁸ Slater, 1989, 516

decades, while its focus on democratic local governance dates back to the late 1980s. Since the 1960s, the Agency has supported hundreds of projects around the world (both in rural and urban areas) with the goal of improving public services delivery at the local level and through technical assistance, training, and credit. In the late 1980s, the Agency increased its engagement in the area, while adding a strong democracy component to its work and recognizing that political issues in local government development must be given close attention”⁷⁹. However, we must further investigate how USAID views decentralization and its application. The USAID Democratic Decentralization Programming Handbook elaborates on USAID’s approach to decentralization, of which economic development and consequentially economic reform are integral components, usually under the neoliberal economic orthodoxy. According to the USAID handbook: “Decentralization can help advance a number of distinct objectives. From the standpoint of promoting stability, strengthening the subnational offices of national government agencies can help accommodate diverse local demands in a conflict-ridden environment. With a view toward democracy, devolving power can invest larger numbers of citizens as active participants in the political system, giving political opportunities at the subnational level to actors who do not typically wield much influence in national politics. In terms of economic development, more empowered local administrations and governments can enhance responsiveness to the range of citizen demands. *Considering these numerous objectives, decentralization can usefully be conceptualized as a reform that advances the exercise of political freedom and individual economic choice in a context of*

⁷⁹ Dininio, 2000, 2

stability and the rule of law”⁸⁰ . In Egypt USAID provided approximately \$1 billion funding of projects supporting local government for the period from 1975 to 1995, which is approximately 90% of donor funding for local government projects in abovementioned time period⁸¹ . The case study of the Egyptian Decentralization Initiative clearly shows the focus of the project on the financial and administrative aspects of decentralization at the expense of strengthening democratic and participatory processes.

The Neoliberal Dilemma of Democracy:

The criticisms of neoliberalism and the Washington Consensus are many, perhaps too numerous to be exhaustively mentioned here. However, the main concern for this argument remains to be how can such a narrow set of economic policies effectively lay the foundation for a participatory and democratic system of governance? When in actuality such a concoction of policies “underplays the role of government, the need for a strong public sector and the requirement for multilateral governance. Put into effect its policies can have disastrous consequences for the capacity of public institutions to solve critical problems, national and global”⁸² . This point is further debated by Smith when he notes that in so far as US democracy promotion is concerned: “the debate about US policy of democracy promotion rests upon a prior political move, masked as an epistemological or methodological one:

⁸⁰ USAID’s Democratic Decentralization Programming Handbook, June 2009, 1

⁸¹ Mayfield, 1996, 341

⁸² Held et al, 2002, 10

namely that of the separation of economics from politics. ... the debate over democracy promotion as occupying a space demarcated by a prior division between the economic and the political, a space which allows for relationships between the two – such as in how might economic measures support democratic transitions – but which does not allow for the fact that the very separation of the between the two permits a focus on one in isolation from the other. Thus, democracy equals good, non democracy equals bad, regardless of the economic context. But what if the political realm is so constrained by the economic as to make democracy, at best, meaningless ceremonial, and at worst, a façade?”⁸³ .

Samir Amin explains this as “...a kind of generalized offensive for the liberation of “market forces”, aimed at the ideological rehabilitation of the absolute superiority of private property, legitimation of social inequalities and anti-statism of all kinds...The coincidence of these two trends makes ours an era of intense confusion...The “market”-a euphemism for capitalism- is regarded as the central axis of any “development”, and such development is seen as part of an “ineluctable worldwide expansion”. The desirability of total openness to the forces governing worldwide evolution and simultaneous adoption of an internal system based on the “market” are taken to be self evident. Democratisation is considered to the necessary and natural product of submission to the rationality of the worldwide market. A simple equation is deduced from this logic: capitalism equals democracy, democracy equals capitalism. This is a compelling argument which points out a central characteristic,

⁸³ Smith, 2000, 64

and perhaps even captures the real essence, of the ongoing democratisation process in the Third World”⁸⁴ .

However, the continuous rise of neoliberal economic orthodoxy across the globe and in particular in Egypt has catapulted what was formerly conceived as an economic solution in a changing world order to a considerable threat to the possibilities of realizing a much needed democratic and participatory system of governance. A threat that is alarming when compared to the form of democracy being promoted by the US. Steve Smith eloquently states this problem in his chapter “Democracy Promotion: Critical Questions” in Ikenberry et al. “The problem is that neoliberalism is so dominant in the world economy that the political is being increasingly reduced to the economic. The most obvious example of this is the way that the market is presented as an autonomous force that governments cannot manage, a force that slowly but surely removes more and more of what was previously politics into the market. These forces also reconstruct the subject with the effect of reducing the realm of what appears both politics and politically possible. In this light, the form of democracy being promoted by the US fits exactly into this reduced political role for government and the state. As such, US democracy promotion seems designed to put in place the type of state apparatus required by neo-liberal economics. In short, low intensity democracy is the type of democracy that best suits US economic interests.”⁸⁵

The claim made here is not that American the form of democracy promotion is alarmingly novel or by any means unprecedented. Barry Gills and Joel Rocamora first

⁸⁴ Samir Amin in Gills and Rocamora, 1992, 503

⁸⁵ Smith, 2000, 77

criticized “low intensity democracy” in 1992, noting that “...the identification of capitalism with democracy is not a very well hidden ideological bias of certain Western studies of Third World Democracy. Today, the particular forms of democracy pushed by the West in the Third World are specifically tailored to serve the interests of global capital in these countries. Here, a political economic orthodoxy of hegemonic power holders is presented as being a matter of natural law, whether economic or developmental, rather than as a specific product of historical conditions, conflict over the pursuit of interests, and class struggle”⁸⁶ . Or as Gills and Rocamora conclude in their analysis that low intensity democracy is ‘the political corollary of economic liberalization and internationalization’⁸⁷ .

Ralph in his analysis of William Robinson’s work on polyarchy adds to this debate by explaining some more cynical views of American democracy promotion. According to Ralph: “This time a quasi-consensual rather than coercive approach would do what policy had always sought to do: maintain the interests of transnational capital. Those interests, according to Robinson, not only clash with, but seek to repress, the interests of a majority that, despite the wave of ‘democratic’ revolutions, remains socially and economically repressed. By promoting ‘polyarchy’ or ‘low-intensity democracy’, American policy simply reinforces unequal socioeconomic circumstances. Yet this is of little concern, for it is the main aim of that policy, according to Robinson, to make sure transitional states contribute to the processes of

⁸⁶ Gills and Rocamora, 1993, 502

⁸⁷ Ibid

globalization in a manner suited to transnational capital”⁸⁸. This is quite an alarming observation, particularly when juxtaposed with the previously mentioned fact that during the period from 1975 to 1995, USAID has been the dominant source of funding of projects supporting local government in Egypt with a total amounting to \$ 1 billion. Despite the contributions of various donors including Japan, the UK and Canada, USAID has provided approximately 90% of funding for local government projects in that time period⁸⁹.

The economic rationale at the heart of what is essentially a political concept and the subject of considerable democracy assistance funding is a main focus of this work and increasingly controversial argument given the impact of this economic structure on political processes in general. Despite not democratizing or liberalizing its political space, Egypt’s economic space has been liberalizing towards a neoliberal market economy. As Heydemann notes this is not specific to Egypt but to the region in general whereby: “over the past two decades markets have made significant inroads across the Middle East, far outpacing the progress of political reform”⁹⁰.

Neoliberalism in Egypt:

The Mubarak regime understood that liberalization involved both the economic and political spheres and was more willing to liberalize economically and coincide with the more neoliberal advocates of democracy promotion than cede to any demands for genuine political reform. In addition to the case study, Egypt’s constitutional

⁸⁸ Ralph, 2000, 202

⁸⁹ Mayfield, 1996, 341

⁹⁰ Heydemann, 2007, 13

amendments in 2007, provided proof for this argument, where 6 of the 34 articles refer to economic and social liberalization and constitute a departure from the socialist or Nasserite rhetoric in the 1971 constitution⁹¹. The Mubarak regime understood that it could afford to restrict the Egyptian political landscape, but would have to concede economically. Although some trace economic liberalization to the Sadat sponsored open door policy, *infitah*, which was intended to make Egypt more attractive to foreign investment yet, resulted in “principally an opportunistic tactic intended to facilitate the inflow of Arab funds”⁹². Interestingly enough that despite the open door policy and the association of the early days of economic liberalization with Sadat, public sector employment rose from 780,000 in 1970 to 1.1 million in 1980, total subsidies rose from less than 2% of GDP in 1971 to 13% in 1980 and the number of employees rose from 1.2 million in 1970 to 1.9 million in 1978⁹³. However the bulk of liberalization of Egypt’s economy under the dictates of neoliberalism and the structural adjustment program came under Mubarak. Rutherford attributed the beginning of Egypt’s economic restructuring to the agreement with the International Monetary Fund in March 1991 with the objective to “transform Egypt into a competitive market economy that was fully integrated into the global economic system”⁹⁴. Prior to this Egypt owed \$40 billion or 112% of GDP, using the official exchange rate, or 184% of GDP, using a free market exchange rate, making Egypt “the most heavily indebted

⁹¹ Nathan J Brown, Michelle Dunne and Amr Hamzawy “Egypt’s Controversial Constitutional Amendments”. http://www.carnegieendowment.org/files/egypt_constitution_webcommentary01.pdf

⁹² Ikram, 2006, 19

⁹³ Ikram, 2006, 92, 155 and 158

⁹⁴ Rutherford, 2008, 138

major debtor country in the world”⁹⁵. Due to Egypt’s role in the Gulf War in 1990, the United States, the Gulf countries and the Paris Club wrote off \$6.7 billion in military debt, \$6.6 billion in loans and \$10 billion in debt (restructured the remaining \$10 billion), respectively⁹⁶. Despite forgiving roughly 50% of Egypt’s debt, various donors and IFIs including the United States, the Gulf, Europe, Japan, South Korea, the IMF, the World Bank increased significantly increased their economic assistance to Egypt including \$7 billion in emergency economic assistance during Gulf War and \$8 billion after the war⁹⁷. The IMF sponsored Economic Reform and Structural Adjustment Plan (ERSAP) involved cutting government investment, slashing subsidies and an extensive privatization program⁹⁸. As Ikram notes: “privatization on the scale proposed was not simply a financial exercise, but rather the abandonment of a model of development that had shaped Egyptian society for a generation”⁹⁹. The Egyptian government began privatization of 314 public sector enterprises in 1991, by 2000 it had sold off a controlling interest in 118 enterprises for LE 12.3 billion and a minority interest in 16 companies for LE 1.8 billion and drawing IMF praise that Egypt had the fourth successful privatization program in 1998¹⁰⁰. Egypt continued the neoliberal economic trajectory outlined in the 1990s, privatizing 9 companies with a total value of \$17.5 million in 2003, and then 59 firms with a total value of \$2.6 billion in the period from 2005 to 2006¹⁰¹. The World Bank continued to praise Mubarak’s regime and the

⁹⁵ Ikram, 2006, 56

⁹⁶ Rutherford, 2008, 138

⁹⁷ Ibid

⁹⁸ Ibid

⁹⁹ Ikram, 2006, 78

¹⁰⁰ Rutherford, 2008, 139

¹⁰¹ Ibid, 223

NDP's neoliberal economic policy further in 2009 as Egypt was showcased as being one of the top global reformers in four of the past seven years"¹⁰². The rise of market liberalism that began in 1991 continued and manifested itself in the NDP's new guard led by Gamal Mubarak and the government of Egypt's economic policy until the ousting of Mubarak in February 2011.

According to Heydemann the Mubarak's regime approach to selective economic liberalization is but one of the means available to authoritarian regimes to "upgrade authoritarianism" in the Arab world. This was allowed partially due to the approach of US policymakers who argued that the "road to democracy in the Arab world ran through economic reforms that would spur growth, create jobs and mitigate social conditions felt to promote extremism, and create the conditions necessary for advancing political liberalization. A "markets first, democracy later" approach became the cornerstone of US policies towards the Arab world in the early 1990s when experiments in "dual reform" ended in Islamist upsurge in Algeria, Egypt, Jordan, Morocco and Tunisia"¹⁰³. The end result was "Arab regimes [that] have become adept at appropriating and exploiting processes of economic reform, and of integrating market-based notions of economic development, as well as broader engagement with global markets and international financial institutions, into authoritarian strategies of governance"¹⁰⁴.

¹⁰² World Bank, 9 September 2009, <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22301788~pagePK:64257043~piPK:437376~theSitePK:4607,00.html> , accessed 20 September 2009

¹⁰³ Heydemann, 2007, 17, 18

¹⁰⁴ Heydemann, 2007, 18

As Egypt transitions into a market economy, supported by US democracy assistance, it has yet to experience an equally democratic transition. Labeled by some as a “semi-authoritarian” regime, it is still not yet a democratic country, despite market reforms. Should this transition occur, the impact of marketization on democratic and participatory politics will likely be disastrous similar to the cases of Chile and Mexico, discussed in more detail in the case study chapter. Some of these trends are already visible such as economic differentiation and regional disparities and extremely weak political participation and the occupation of the political space by a dominant neo-liberal party, in Egypt’s case the former National Democratic Party (NDP). As Heydemann notes in his analysis of the use of selective economic reforms to further authoritarianism in Arab regimes: “...selective liberalization reflects the broader dynamics of authoritarian upgrading: Arab regimes appropriate and exploit economic policies that are often seen as inimical to authoritarianism because they are able to use these instruments to reinforce their hold on power. For governments, the political benefits of selective liberalization are particularly important. Regime elites and their allies use their political privileges to capture the resources generated by economic openings. Incumbents manage access to economic opportunities as a political resource, rewarding friends and penalizing adversaries, Selective economic reforms generate the essential economic resources upon which processes of authoritarian upgrading depend. They also provide the basis for expanding the social coalitions that help to stabilize the regimes politically, providing incentives that bind private sector actors to elite counterparts in government and bureaucracy”¹⁰⁵. USAID support to the

¹⁰⁵ Heydemann, 15

decentralization efforts of the Mubarak regime and the NDP continued despite the acknowledgement of both USAID as an organization of their limited impact on strengthening democracy and as the interviewed staff members managing the project noted in terms of implementation of specific objectives related to the strengthening of participatory mechanisms in decentralization. However, the inherent neoliberalism and focus on free markets at the heart of democracy assistance is not the only criticism, this growing form of aid assistance has managed to receive.

Democracy promotion has taken several forms within the multilayered systems of geopolitics, international affairs and development. It can range from tacit diplomatic pressure, support for election monitoring and local government to full out military occupation through complete regime removal and regime change as experienced in the cases of Iraq and Afghanistan. As explained earlier, the focus of this work will be on democracy assistance which is: “the provision of support (either financial, cultural, or material) to ‘democratic agents’ in the process of democratization, without entailing direct intervention. It seeks to foster the conditions for the rise of a democratic regime, such as NGOs’ patronage or diplomatic pressure, and is thus, ‘a quiet support for democracy’ ”¹⁰⁶. Burnell adds to this definition by noting that: “...democracy assistance, such as practical support to the electoral process, strengthening civil society and horizontal mechanisms of accountability like the judiciary. But democracy assistance is only one of the instruments, tools or approaches that democracy promotion uses to promote democracy”¹⁰⁷. Carothers uses another term which is

¹⁰⁶ Acuto, 2008, 464

¹⁰⁷ Burnell, 2008, 417

democracy aid, briefly defined as: “all aid for which the primary purpose, not the secondary or indirect purpose, is to foster democracy in the recipient country. It does not therefore include economic and social aid programmes”¹⁰⁸ .

Due to the scope and focus of this effort and its implications for development as a field of practice, I will focus only on what is termed democracy assistance and particularly that supported by American efforts with occasional reference to other actors in this field. As mentioned earlier, the focus will be on American support to democracy assistance in Egypt in particular, mainly due to the size of such interventions. USAID in Egypt alone has spent USD 1.13 billion in total assistance of democracy and governance during the period from 1975 to 2009¹⁰⁹ . The focus of this chapter is to shed light on the work of democracy assistance in general and in Egypt in particular before addressing some of the main criticisms and recommendations for this type of assistance.

Forms of Democracy Promotion and Democracy Assistance:

Dalacoura identifies three levels of US democracy promotion in the Arab Middle East. The first level is the policy level which “consists of policy initiatives comprising clusters of projects to support civil society organizations and reform state institutions with a view to encouraging democratic change”¹¹⁰ . The second level as identified by Dalacoura is “traditional and public diplomacy...top administration officials, including the President himself and secretaries of state Colin Powell and

¹⁰⁸ Carothers, 2000, 188

¹⁰⁹ USAID, <http://egypt.usaid.gov/Default.aspx?pageid=367> , accessed on 13 November 2010

¹¹⁰ Dalacoura, 2005, 963

Condoleezza Rice, have emphasized that democratic reform in the Middle East has become a core objective of US policy in the region”¹¹¹ . The third level is that democracy promotion has “become an integral part of an interventionist US foreign policy in the Arab Middle East, epitomized in the invasion and occupation of Iraq”¹¹² . It is clear that the case of Egypt falls within the first and second levels, the policy level and traditional public diplomacy as identified by Dalacoura. However this level can be further clarified. Carothers provides a broad definition and categorization of what he terms “democracy aid”. Carothers defines democracy aid as falling within three general categories defined as follows:

1. *Political processes*. This includes aid to promote free and fair elections: technical aid to election commissions for better administration of elections, support for both international and domestic election observation, and aid to promote voter registration and voter education. It also consists of aid to strengthen political parties, both their overall institutional base and their more specific election-related capabilities.
2. *Governing institutions*. This aid takes numerous forms: programmes to strengthen national legislatures, judicial reform efforts, police training and restructuring, and local government strengthening programmes. It may consist of efforts to help a country rewrite its constitutions. The military may also be a target: programmes to develop pro-democratic attitudes within a military, to increase civilian control over a military, or otherwise improve civil-military relations.
3. *Civil Society*. American aid to foster civil society development has taken four major forms in the 1990s: support for non-governmental organizations (NGOs) engaged in public interest-oriented advocacy work, such as human rights, women’s issues, or election monitoring; assistance to build independent media; support for independent labor unions; and programmes that seek to promote better citizen

¹¹¹ Ibid, 964

¹¹² Ibid, 965

understanding of democracy, such as civic education projects, conferences and seminars on democracy, and educational exchange programmes¹¹³.

However, forms of democracy assistance albeit varying in their origins are also diverse in their forms of implementation and overall objectives. According to Thomas Carothers, a leading academic in the field of democracy assistance, there “is an emergence of two distinct overall approaches to assisting democracy: the *political* approach and the *development* approach”¹¹⁴ (emphasis in the original). Carothers proceeds to further elaborate on this differentiation along the following dimensions: “the type of value that they place on democracy, their concepts of democracy and democratization, and their preferred methods of supporting democracy”¹¹⁵. The political approach is defined by Carothers as one that “proceeds from a narrow conception of democracy – focused, above all, on elections and political liberties – and a view of democratization as a process of political struggle in which democrats work to gain the upper hand in society over nondemocrats. It directs aid at core political processes and institutions – especially elections, political parties, and politically oriented civil society programs – often at important conjunctural moments and with the hope of catalytic effects”¹¹⁶. Carothers views the developmental approach to democracy assistance as one that “rests on a broader notion of democracy, one that encompasses concerns about equality and justice and the concept of democratization as a slow, iterative process of change involving an interrelated set of political and

¹¹³ Carothers, 2000, 188

¹¹⁴ Carothers, 2009, 5

¹¹⁵ Ibid, 6

¹¹⁶ Ibid, 5

socioeconomic development. It favors democracy aid that pursues incremental, long term, change in a wide range of political and socioeconomic sectors, frequently emphasizing governance and the building of a well-functioning state”¹¹⁷. In terms of Egypt’s development and the attempts of “building a well-functioning state”, Rutherford demonstrates the rise of market liberalism and the neo-liberal economic order at the heart of the Egyptian state formation since 1990. Rutherford notes that “the conception of market liberalism that emerged within the private sector in the 1990s was integrated into the ideology of the ruling party and the policies of the government by 2006”¹¹⁸. This model of the “well functioning state” although severely lacking in terms of democratic governance was acceptable to the United States and the West as it adhered to the dictates of neo-liberalism and the slow and hampered integration of Egypt within the global economy. A goal in itself as far as American democracy promotion is concerned.

Critiques of the Democracy Assistance and Varying Priorities – The Case of Egypt:

Democracy promotion does not exist in a vacuum free from strategic interests and authoritarian calculations. The abovementioned analysis has gone into detail regarding democracy promotion in general and the selective application of democracy promotion efforts by the United States, which has been historically subjected to US interests and geo-economic strategic and security concerns in particular. Democracy promotion must also operate within the, often limited, political space allowed by the authoritarian regimes in the recipient nations targeted by democracy assistance. This is

¹¹⁷ Ibid

¹¹⁸ Rutherford, 2008

not a simple task considering that authoritarian regimes view calls for political reform (irrespective of the origin of these calls) as both malicious and hostile particularly when political reform is not high on the national agenda as in the case of Mubarak's Egypt. Although unwilling to reform or in this case "liberalize" politically namely through conducting free and fair elections and acquiring legitimacy through the ballot box, institutionalizing participatory politics, advancing the rule of law, creating and maintaining accountable, representative and responsive governance structures, the Mubarak regime opted for economic liberalization in lieu of much delayed political reform. Heydemann identifies some key features of what he terms "authoritarian upgrading" which are appropriating and containing civil societies; managing political contestation; capturing the benefits of selective economic reforms; controlling new communications technologies; and diversifying international linkages¹¹⁹. Given the scope of this thesis, my focus will be on the use and capturing of selective economic reform to further authoritarianism and counter balance democracy promotion.

The government of Egypt and particularly Mubarak's regime were at a position that enabled it to avoid democratic reforms that were meant to reduce authoritarianism and selectively utilize economic reform and liberalization to further strengthen the regime despite the fact that these reforms were meant to achieve the opposite. However, this was allowed mainly due to the inherent structure of American democracy promotion. As described in the preceding section and illustrated eloquently in the work of Smith, Gills, Rocamora, Ralph and Robinson, the main criticism of American democracy assistance is the equating of free market capitalism with

¹¹⁹ Heydemann 5

democracy and formulating any ensuring support based on this very limited and contested economic system, that of the neo-liberal market economy. As Smith aptly notes in his reservations and criticisms of American democracy promotion: "...the form of democracy being promoted, and specifically the on the relationship between this geopolitical policy and America's geoeconomic policy... the latter drives the former, to such an extent that it results in the form of democracy promoted being particularly narrow and thereby suitable for supporting US economic interests"¹²⁰ .

“Our Way or the Highway” – The Limited Scope of American Democracy Promotion:

One of the main criticisms regarding the type of democracy that the US supports and advances emanates from a limited understanding of liberal democracy that does not necessarily emphasize participation as a core element and is highly American centric. As Ralph notes: “low intensity and market oriented democracy that America promotes advances an order based on transnational elite interests rather than popular democracy...this should not be seen in terms of a capitalist elite conspiracy but as a consequence of America's image of its own success”¹²¹ . In addition to the preoccupation of ensuring US geopolitical and economic interests which have been inherent to democracy assistance efforts, the form of liberal democracy promoted by the US is one that is not only limited but also quite contested by rivaling models. Smith and Held argue in their criticism of the limited American view and understanding of liberal democracy, namely that propagated by Francis Fukuyama in

¹²⁰ Smith, 2000, 63

¹²¹ Ralph, 2000, 200

his “End of History” argument: “he [Fukuyama] sees no contradiction between the terms ‘liberal’ and ‘democracy’ despite the fact that the clash between the rights of the liberal individual, and the duty of the democratic governments to limit the freedom of individuals has been the central dispute in democratic theory throughout its history”¹²². David Held further adds to this debate and critiques the limited American centric view of liberal democracy in an excellent overview and analysis of democratic models in the world today, David Held identifies eight different models of democracy¹²³. Moreover, Held further emphasizes the schisms and debate within liberal democracy in itself. As he notes: “liberalism cannot be treated simply as a unity. There are, as we have seen, distinctive liberal traditions set down by figures such as John Locke, Jeremy Bentham, and John Stuart Mill, which embody quite different conceptions from each other of the individual agent, of autonomy, of the rights and duties of subjects, and of the proper nature and form of political community...This is a striking lacuna, since liberalism itself is an ideologically contested terrain”¹²⁴. A key element of this debate, on liberties within a market economic model of democracy pertains to notions of socioeconomic justice and participation. As Hook points out: “...the tension between political liberty and socioeconomic equality as components of a democratic polity has always been a central dilemma of social organization given their inherent contradictions...The U.S. democratic model, however, has traditionally emphasized political liberty while deemphasizing socioeconomic equality. Indeed, the latter has been consistently viewed

¹²² Smith, 2000, 69 and Held, 1996, 280

¹²³ Held, 1996

¹²⁴ Held, 1996, 281

as a threat to the former. The failure of the U.S. government to accommodate a more expansive conception of democratic development in this additional area has not only produced frustration in the United States but anti-American sentiments in foreign countries seeking their own path”¹²⁵ .

This limited or restricted view of democracy may be further explained through the application of democracy assistance programs. Some observers have argued that this notion of exporting an American model is not necessarily as clear cut when it comes to implementing democracy assistance programs. As Hook notes: “In promoting democracy abroad, the U.S. government has consistently sought to transplant its own distinctive model of democratic governance onto other societies with very different social structures, historical experiences and material needs...Thus presumptions by the U.S. government of the universal applicability of its democratic model provoked justifiable resentment within foreign countries that were viewed as prospective protégés of U.S. – style democracy”¹²⁶ .According to Carothers: “Although the model for democracy underlying US democracy assistance is clearly drawn from the US experience, the model for democratization is not”¹²⁷ . Basing his hypothesis on the Latin American experience with democracy assistance, Carothers found that “there is remarkably little borrowing by aid officials engaged in democracy promotion of ideas and concepts from burgeoning scholarly literature on democratic transitions”. He further explains what he terms “the lack of close connection between democracy assistance and scholarly inquiries into democratization” and attributes it to

¹²⁵ Hook, 2002, 126

¹²⁶ Ibid, 125

¹²⁷ Carothers, 2000, 193

the “differing purposes of the of two endeavors – finding ways to produce change as distinct from finding concepts to explain change – the tendency of practitioners not to follow academic debates and writings, and the tendency of scholars not to seek to engage directly the assistance community”¹²⁸ . However, Carothers believes that this changing albeit gradually on a “steep, often punishing, learning curve”¹²⁹ . He claims that “American aid providers are moving away from the simplistic application of made-in-America templates, resorting less often to the sending abroad of inexperienced, heavy-handed American consultants, and coming to the recognition that technical fixes will not solve deeply entrenched political problems”¹³⁰ . This may be happening as claimed by Carothers gradually. However, “less often” does not mean that it ceases to exist. The closure of the International Republican Institute’s office in Cairo in 2006, prior to the commencement of its operations, because of what can be termed the “inexperienced and heavy-handed” director’s comments regarding the “speed up of political reform in the country” is a case in point¹³¹ . And even if some examples of American democracy assistance in practice show some elements of change, it is difficult to neglect the wider theoretical underpinning and overall strategic objectives and US economic interests at the heart of democracy assistance, described in the earlier section with particular reference to the case of Egypt. As Al Sayyid notes in his analysis of US assistance to civil society in Egypt and some segments who are suspicious of the objectives of this assistance: “They do not see the aid as a sign of Washington’s commitment to promote democracy. Rather, they look at it as an

¹²⁸ Carothers, 2000, 193

¹²⁹ Ibid , 199

¹³⁰ Ibid

¹³¹ Mayton, Daily News Egypt, June 10, 2006, <http://www.dailystaregypt.com/article.aspx?ArticleID=1836>

instrument for furthering U.S. foreign policy goals and for engineering the evolution of other societies along the lines of the American ideal of a free market economic system combined with a liberal democracy”¹³² .

Security and Stability Over Democracy:

Another criticism of US democracy assistance is that the US is not concerned with promoting democracy at the expense of its security or economic interests, particularly when dealing with friendly regimes. Citing that Egypt has received the largest share of American economic assistance and numerous incidents of cooperation between the United States and Egypt, Al Sayyid notes that maintaining positive relations between the American and Egyptian regimes is of great strategic importance for the United States. This is mainly because of Egypt’s influence, stability, historical position and regional role: “... it is important for the United States to keep Egypt within its sphere of influence. To ensure that the model of Egypt sets for other Arab countries does not jeopardize U.S. interests, successive U.S. administrations have thus shown much concern for stability of what they perceive to be a moderate government”¹³³ . Ralph sums up the American position in terms of promoting democracy and maintaining its interests: “America's commitment to sustaining the community that already exists, moreover, depends on the link that is made between liberal internationalism and America's self-interest”¹³⁴ . In so far that the US support for democracy and commitment to liberal internationalism depends primarily on the

¹³² Al Sayyid, 2000, 49,50

¹³³ Ibid, 51

¹³⁴ Ralph, 2000, 200

effect that might have on the achievement of its interests, primarily economic and geo-strategic. For example, when Hamas is democratically elected, the US was quick to distance and indirectly punish Palestinians for this democratic misjudgment on their part. However, electoral fraud in Egypt is tolerated and US military and economic support continues unabated after limited concern is expressed.

The historical record of American democracy promotion shows that the US has resisted democracy as much as it has claimed to support it. Building on the work of Steve Smith and his analysis of US resistance to democracy in Latin America and the Middle East, according to Smith: “these two regions of the world seem to support the view that the US has been involved in undermining democratic regimes rather than fostering them. And crucially, the driver for such a policy in both regions has been US economic interests”¹³⁵. As Hook notes: “the promotion of democracy has long served as a key vehicle of the projection of US ideals as well as for the pursuit of the country’s material self interests...Liberal governments pursuing market-oriented economic policies have always served the ‘national interests’ of the United States”¹³⁶.

The US has not shied away from supporting repressive regimes the world over and particularly in the Arab world, where democracy assistance has not amounted to much. US support for appalling regimes ranging from apartheid South Africa, Israel, Mubarak’s Egypt, Pinochet’s Chile, Marcos of the Philippines, Sukarno and Suharto in Indonesia, the Shah’s Iran to name but a few is clear case of the superiority strategic

¹³⁵ Smith, 2000, 65

¹³⁶ Hook, 2002, 113

interests of the United States have over promoting democracy or the American role as espoused by Woodrow Wilson's as: "for democracy, for the right of those who submit to authority to have a voice in the own government, for the rights and liberties of small nations...and to make the world itself free", the fact that such illustrious statements were made while the US was frequently intervening in the Caribbean and Latin America is not surprising¹³⁷ .

After shedding some light on the historical and theoretical underpinning of the various concepts that make up democracy promotion, this chapter will attempt to address some of the pertinent issues related to the abovementioned concept that affect the work of development practitioners or concerned observers.

Like the very definition of democracy, the difficulty in conceptualizing and operationalizing democracy promotion in a development context has made evaluating interventions and assessing the impact of such efforts a daunting task. This has created a vicious cycle where past and ongoing interventions cannot make full use of evaluation as a process to inform future programs and enable enhanced democratic assistance. Without evaluating what has been achieved or identifying impacts that were achieved, it will be more difficult to understand the intervention's achievements, support accountability and justify funding and improve future programming. Just as the lack of an overarching definition of democracy has played in favor of dictatorships more so than the citizens of the Arab world, the challenges facing democracy assistance are less likely to serve the citizens of the Arab world. As Sadiki notes: "It is

¹³⁷ Hook, 2002, 110

the contestability of democracy – not its uncontested utility – that is particularly difficult to deal with in an Arab political setting”¹³⁸. A point that is echoed by Steve Smith in his critical analysis of democracy promotion: “...the entire debate about democracy promotion is set up in such a way as to make criticism particularly difficult. Like apple pie, how can anyone be against the expansion of democratic rights to parts of the globe that are currently ruled by despots?”¹³⁹ Additionally, it is noted that evaluating democracy assistance has replicated some of the very criticisms democracy assistance has received, Crawford aptly notes that: “...conventional evaluation reproduces a negative feature of democracy assistance itself – it is externally led and controlled, with limited input from local actors”¹⁴⁰. Such inquiries have no doubt had an effect on assessing the impact of democracy promotion and assistance, if the end goal is uncontested or above criticism, how can the process of achieving it be placed under scrutiny or questioned.

However, the global context has changed since the days of the Huntington’s “Third Wave of Democracy” when democracy was seen as a universal global good; whereby many states are not yet consolidated democracies or transitioning democracies, nor are they dictatorships or authoritarian regimes but rather “weak democracies that feature significant amounts of political freedom and even democratic alternation of power but are struggling with shallow political representation, ineffective state institutions, and other fundamental political problems”¹⁴¹. These types of regimes in addition to the “authoritarian capitalism” practiced in China and

¹³⁸ Sadiki, 2004, 3.4

¹³⁹ Smith, 2000, 58

¹⁴⁰ Crawford, 2003, 79

¹⁴¹ Carothers, 2007, 114

Russia, have forced notable experts in the field of democracy promotion such as Thomas Carothers to question the “very legitimacy” of democracy promotion¹⁴² . As he notes: “We are seeing this both in the pushback from a number of nondemocratic governments that are actively resisting democracy assistance in new and creative ways, and also in a heightened questioning by people in many parts of the world of the value and legitimacy of democracy promotion itself” . On the other hand, it should be noted that the theoretical underpinning of this very approach regarding the prerequisite of economic development for democratic transformation was proven faulty by the cases of China and Russia, where neoliberal market reforms have not led to substantive democratic gains. Although never explicitly stated by the Egyptian government the same approach has been adopted through controversial economic reforms and liberalization without the equivalent in terms of political reform. What was dubbed by Jagdish Bhagwati as the “cruel dilemma”, one between either economic development or political development, was “subsequently revised...as social scientific understanding of the type of political regime and development underwent a double paradigm shift. It moved away from economic determinism and the suspicion that if regimes do influence development then authoritarian polities have certain advantages, towards a conviction that political institutions make a difference and in the long run democracies possibly do it better”¹⁴³. According to UNDP, governance or lack thereof is vital as “an improved understanding of the quality of governance in a country is critical to deliver on poverty reduction and human development goals”¹⁴⁴ .

¹⁴² Ibid

¹⁴³ Burnell, 2008, 415

¹⁴⁴ UNDP, 2009, 4

Before any claims, can be made about whether both economic and political development are both feasible and possible to achieve simultaneously, we must first consider the effectiveness of political development efforts in terms democracy assistance and assistance efforts in achieving what they claim to do.

Possibilities of Evaluating and Assessing Democracy Assistance:

Evaluation is now integral aspect of development assistance. Reasons have varied from the growing need to deliver “results” amidst decreasing donor funding increased pressure for accountability to improved management and planning processes that feed into better development programming and discussions of aid effectiveness as manifested in the 2005 Paris Declaration “to increase the effectiveness of development assistance with concrete indicators and targets”¹⁴⁵ . However, evaluation procedures are by no mean novel. Evaluation was first introduced to development assistance in the 1950s, despite not being put into systematic use until the 1970s and early 1980¹⁴⁶. According to UNDP, evaluation is essential in establishing linkages between past, ongoing and future initiatives and development results, supporting accountability and building knowledge because: “Monitoring and evaluation can help an organization extract relevant information from past and ongoing activities that can be used as the basis for programmatic fine-tuning, reorientation and future planning. Without effective planning, monitoring and evaluation, it would be impossible to judge if work is going in the right direction, whether progress and success can be claimed, and how future efforts might be improved... When evaluations are used effectively, they

¹⁴⁵ UNDG, <http://www.undg.org/index.cfm?P=219> , accessed June 2011

¹⁴⁶ Wong, 2008, 7

support programme improvements, knowledge generation and accountability... The interest is on what works, why and in what context. Decision makers, such as managers, use evaluations to make necessary improvements, adjustments to the implementation approach or strategies, and to decide on alternatives. Evaluations addressing these questions need to provide concrete information on how improvements could be made or what alternatives exist to address the necessary improvements”¹⁴⁷ . However, the ambitious and multifaceted objectives have come under scrutiny and valid concerns are raised by Jacquet in report by the Center for Global Development as part of the Evaluation Gap Working Group: “ Part of the difficulty in debating the evaluation function in donor institutions is that a number of different tasks are implicitly simultaneously assigned to evaluation: building knowledge on processes and situations in receiving countries, promoting and monitoring quality, informing judgment on performance, and, increasingly, measuring actual impacts. Agencies still need their own evaluation teams, as important knowledge providers from their own perspective and as contributors to quality management. But these teams provide little insight into our actual impacts and, although crucial, their contribution to knowledge essentially focuses on a better understanding of operational constraints and local institutional and social contexts. All these dimensions of evaluations are complementary. For effectiveness and efficiency reasons, they should be carefully identified and organized separately: some need to be conducted in house, some outside in a cooperative, peer review, or independent

¹⁴⁷ UNDP, 2009, 127

manner. In short, evaluation units are supposed to kill all these birds with one stone, while all of them deserve specific approaches and methods”¹⁴⁸ .

It is clear that evaluation serves different functions ranging from improved development programming, accountability and information sharing, project justification and funding opportunities. Despite the criticisms such the wide scope of expectations of evaluation results has garnered, they remain to be an integral part of development programming today. According to Wong: “development aid evaluation function serves several purposes: it verifies and validates the accuracy and cost-effectiveness of ongoing program implementation, and provides outcome/impact effectiveness information on achieving stated project or program objectives used to address accountability requirements. Such information and experience, in varying degrees, are used as inputs to strategic policy and planning, to address public accountability requirements and in the design of future activities” (Wong, 2008, 7). In summary: “The primary *raison d’être* for evaluation is to determine the impact effectiveness of a policy or program to achieve its stated objectives, typically in an *ex-post* summative evaluation study”¹⁴⁹ .

The Logical Framework Approach and Management for Results / Results Based Management in Democratic Governance:

The most common used methodologies and approaches of evaluation of democratic governance (DG) and democracy assistance have further added to the

¹⁴⁸ Jacquet quoted in CGD, 2006, 11

¹⁴⁹ Wong, 2008, 8

complexities of the debate surrounding the possibility of evaluating democracy assistance. According to Crawford: “The logical framework approach (LFA), and the closely related ‘results-based’ approach are the most common methodologies for the evaluation of development aid projects, and have been applied to the DG sector by a number of donor agencies”¹⁵⁰. Development practitioners and observers alike need to be overly astute to notice that the above methodologies are applied rigorously by donor agencies such as USAID, UNDP, the World Bank, German Technical Assistance Agency (GTZ), Danish International Development Agency (DANIDA), Swedish International Development Agency (SIDA), the European Commission, Department for International Development (DFID) and the Canadian International Development Agency (CIDA) amongst others. What UNDP and CIDA refer to as Results-Based Management (RBM) is known in USAID as Managing for Results (MFR) but is essentially the same approach.

Introduced in the 1970s, as a project management tool that was inclusive of evaluation methods, it was later modified to what is commonly known today as Results-Based Management (RBM) or Managing for Results (MFR) still the most popular tool amongst most major development agencies. LFA originates from positivist social science and an evaluation methodology based on causality. According to Crawford: “The logframe approach rests on tracing causal connections between project inputs (or activities), outputs and objectives, with the latter divided into immediate objectives (or project purpose) and wider objectives (or programme goal). A logical framework matrix is initially prepared at the design stage of project cycle

¹⁵⁰Crawford, 2003, 79

management, inclusive of the above dimensions, plus performance indicators and their means of verification, along with a statement of the risks and assumptions involved. This then provides a means of monitoring and evaluating progress towards the achievement of stated objectives, one that is essentially quantitative in nature...”¹⁵¹ This was later modified in the mid-1990s, with the introduction of what is known as RBM and MFR by CIDA and USAID respectively¹⁵². CIDA defines the result as “a describable or measurable change in state that is derived from a cause and effect relationship”¹⁵³. Usually these changes are the results of the project inputs. According to Crawford: “RBM entails a typical logframe approach with the construction of a ‘performance framework’ (PF) and ‘performance measurement framework’ (PMF). The PF provides the anticipated cause and effect relationships from the level of activities (inputs) upwards to strategic goals, including assumptions and risk assessments, while the PMF provides a systematic plan for measurement and verification through (mainly quantitative) performance indicators and data collection requirements”¹⁵⁴. USAID on the other hand, and the main focus of this effort, uses a slightly different wording although similar methodology. Within USAID’s MFR the Strategic Objective (SO) is defined as: “the most ambitious result (intended measurable change) in a particular program area that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held responsible”¹⁵⁵. The second level, known in other agencies as the output is called the

¹⁵¹ Crawford, 2003, 79

¹⁵² Ibid, 80

¹⁵³ CIDA, 2004, 10

¹⁵⁴ Crawford, 2003, 80

¹⁵⁵ USAID, 1998, 5

Intermediate Result and sub-intermediate results (sub-IR). The IR is defined as: “a key result which must occur in order to achieve a strategic objective. Like an SO, it reflects a reason a program was undertaken. The difference between the two levels is simply that one must achieve the intermediate results before one can achieve the higher level strategic objective”¹⁵⁶. Crawford adds to this explanation noting that: “The three levels of objectives are linked in causal hypotheses, that is, each is perceived as an essential step leading to the next level. Within the DG sector, a strategic objective could simply reflect the agency goal (sustainable democracy built), or one of the four agency objectives (for example rule of law strengthened), while an ‘intermediate result’ is more specific (for instance, effective justice sector institutions). Performance indicators ‘answer the question of how much (or whether) progress is being made towards a certain objective’, with appropriate indicators requiring the ready availability of data sources”¹⁵⁷. In the case of the chosen case study for this effort, I will be reviewing the Egyptian Decentralization Initiative (EDI) supporting the Intermediate Result: Good Governance – promote a more accountable and responsive local government – under USAID’s Strategic Objective: “Initiative in Governance Strengthened”. The EDI has the following objectives (sub-intermediate results): Increased Egyptian financial resources available to local governments for responding to community priorities; enhanced participatory mechanisms to plan, allocate, and monitor the use of resources; and strengthened administrative capacity and legal framework for local governments to effectively and transparently manage resources.

¹⁵⁶ Ibid, 6

¹⁵⁷ Crawford, 2003, 80

The Limitations of LFA and RBM in Democratic Governance Programming:

The application of the Logical Framework Approach (LFA) and the closely related Results Based Management (RBM) approach to evaluate democratic governance, have been highly criticized and their effectiveness questioned. According to the report on International Development Research Center (IDRC) “Evaluating Governance Programs”: “the notion of causality in governance programming was rejected: there are too many variables at play. Evaluation of governance work is not scientific *per se*”¹⁵⁸. Or as Wong notes: “the practice of democracy assistance is very different from the “clinical” approach assumed in experiments. In addition, the characteristics of democratic phenomena are inherent complex, multi-dimensional and highly context-specific. These are conditions more appropriate for qualitative evaluation methodologies that can support causal conclusions. Specifically, methods for generating and assessing evidence on *causal mechanisms* have been developed in the general evaluation literature but little applied in the evaluation of democracy assistance.”¹⁵⁹ The IDRC report also noted a more striking and damaging aspect of applying limited methodologies to democratic governance evaluations: “traditional evaluation approaches which demand the application of the same tool and logic model to all initiatives were rejected as irrelevant and possibly destructive. It was noted that some of the evaluation tools in use today (such as Logical Framework Analysis – LFA, Results Based Management – RBM, and Indicators-based studies) were developed with different purposes, primarily the evaluation of discrete blueprint-type

¹⁵⁸ IDRC, 1999, 6

¹⁵⁹ Wong, 2008,5

projects (i.e. infrastructure projects) and have little fit with complex and iterative, governance program agendas”¹⁶⁰ . Crawford further elaborates on the limited nature of LFA and RBM approaches: “The logical framework approach is narrowly geared towards *project* evaluation, most appropriately where clear outputs can be achieved within a specific time-span and where ‘*hard*’ quantitative data is more readily available, that is, ‘blueprint-type projects’ such as infrastructural projects. It is less appropriate for evaluation of wider *programme* goals. This is especially true in an area like democracy and governance, a ‘*soft*’ area of programming in which institutional relationships and culture are the subject of reform, where time frames are hard to predict, and change is difficult to measure”¹⁶¹ . One of the strongest criticisms of this approach comes from one of most cited commentators of American democracy assistance, Thomas Carothers criticizes the limited approach of USAID’s Managing for Results (MFR): “The effort to assess the impact of democracy programs by using highly reductionist indicators is a deeply flawed undertaking that is consuming vast resources, producing little useful insight or knowledge, and introducing serious distortions into the designing and implementing of such aid...democratization in any country cannot be broken down neatly and precisely into a set of quantitative bits...the false dream of science..., the belief that all those messy particularities of people and politics can be reduced to charts and statistics”¹⁶² .

These criticisms of evaluating democracy assistance programs using LFA and RBM frameworks have also affected program design. According to Carothers projects

¹⁶⁰ IDRC, 1999, 8

¹⁶¹ Crawford, 2003, 85

¹⁶² Carothers, 1999, 291 – 293

are then designed to “produce quantifiable results and the universe of program design shrinks to match the indicators”¹⁶³. Crawford adds to this noting that “LFA is *inward-oriented*, inverting evaluation towards pre-determined project objectives. In contrast, political interventions require an outward orientation, able to capture the political context in which such interventions are implanted. This is particularly important given that the overall context is itself a significant factor in influencing the success or otherwise of external donor interventions, for instance, the relative strength or weakness of domestic pro-democratic actors. Thus, the nature of democratization, and of programmes intended to assist such processes, are not appropriate to logframe-type analysis: LFA cannot anticipate and capture political dynamics in which local actors make their decisions”¹⁶⁴.

American Democracy Assistance in the Arab World Quantitatively Lacking:

Given the above criticisms of evaluating democratic assistance, it is not striking that the independent review of over two dozen USAID democratic governance evaluations showed significant weaknesses in terms of limited scope, methodological inaccuracies and inability to prove causality. In an independent review of USAID democratic governance assistance evaluations part of the Strategic Operations and Research Agenda (SORA), Bollen et al found compelling evidence to question the quality of the current USAID evaluation framework. Bollen et al’s review of USAID democratic assistance evaluations found that: “Overall, our review reveals that USAID DG evaluations need major improvements. We find a lack of methodological accuracy

¹⁶³ Carothers, 1999, 294

¹⁶⁴ Crawford, 2003, 85, 86

and inappropriate coverage of important information about the impact of assistance interventions. Most of the evaluations fail to provide key information about assistance activities, such as funding levels and personnel. We also find that the focus of evaluations tends to be on the immediate outcomes of very specific activities rather than on their link to agency goals and interests. Nearly all of the evaluations fail to discuss or rule out other possible explanations for a relation between a USAID activity and its alleged effects. The single-group, posttest-only design was the usual evaluation design, making it extremely difficult to attribute effects to USAID interventions. As a result of these problems, the USAID evaluations fail to show with a reasonable degree of certainty that the changes observed would not have occurred in the absence of USAID”¹⁶⁵ .

As mentioned earlier, the very definition of concepts like democracy and decentralization have proven to be a formidable task for practitioners in democratic governance as well as academics. This difficulty in defining democracy and decentralization has had an impact on the evaluation of projects that seek to implement, support or enhance these concepts in developing countries. To be able to assess the impact if any of democracy promotion, we must identify tangible objectives of the interventions, projects or efforts in question. In reviewing the role of the National Endowment for Democracy (NED), Carothers notes that: “the National Endowment for Democracy is the most active American organization in promoting democracy in non democratic countries...Its intention is to foster enough political space, acceptance of the democratic idea, and new civic and political actors to edge a

¹⁶⁵ Bollen et al, 2005,199

nondemocratic country toward a political opening and elections. In other words, the goal is help move nondemocratic countries to the starting point of what democracy promoters hope will be a subsequent sequence of democratization”¹⁶⁶ . However, quantitative analysis of NED grants paints a different picture. Scott and Steele conducted a study of 1,754 NED assistance grants from 1990 to 1997 and democratization data from the developing world, using control variables such as wealth, progress in education and the impact of culture to test two main hypotheses: 1. Democracy Promotion Hypothesis: Democracy assistance by the NED contributes to progress in democratization of recipient countries; 2. Democracy Consolidation Hypothesis: The democratization of recipient countries results in NED grants designed to reinforce that progress¹⁶⁷ . Their analysis found that the democracy promotion hypothesis, whereby NED grants resulted in greater democratization was “firmly rejected ” and so was the hypothesis on democracy consolidation. According to the study: “*NED aid neither produces democracy nor follows democratization*. The rejection of these hypotheses, made even more emphatic by the negative relationship between grants and democracy scores shown in the data, serves as important counter to the optimistic assessments of the NED’s impact...”¹⁶⁸ (.This conclusion is in line with previous studies on the relationship, if any, between aid and democratization. Steven Hook found that aid allocations are not driven by democracy or human-rights issues or concerns¹⁶⁹ . Knack’s multivariate analysis of the impact of aid on democratization in a sample of recipient nations between 1975 and 2000 could not find

¹⁶⁶ Carothers, 1999, 86

¹⁶⁷ Scott and Steele, 2004, 439 – 442

¹⁶⁸ Ibid, 452

¹⁶⁹ Hook, 1998, 77-80

any evidence that aid promotes democracy¹⁷⁰ . However, Finkel et al found in their 2006 study of the impact of U.S. democracy assistance on democracy building worldwide, using an exhaustive survey of the USAID democratic governance portfolio from 1990 to 2003 and Freedom House and Polity IV datasets, that: “USAID Democracy and Governance obligations have a significant positive impact on democracy, while all other U.S. and non U.S. assistance variables are statistically insignificant”¹⁷¹ . It should be noted though that Despite arguing that democracy assistance had positive impacts in general, when analyzing the Middle East, despite some 606 million dollars in democracy assistance, the study notes that the “Middle East as the exception to the general pattern”¹⁷² .

Yet, we cannot take the work of either Finkel et al or Scott and Steele at face value considering their dependence on the Freedom House dataset without elaborating on Freedom House. Noam Chomsky and Edward S. Herman explain the very dangerous role and biased approach of Freedom House in their book *Manufacturing Consent: The International Political Economy of the Mass Media*: “Freedom House, which dates back to the early 1940s, has had interlocks with AIM, the World Anticommunist League, Resistance International, and U.S. government bodies such as Radio Free Europe and the CIA, and has long served as a virtual propaganda arm of the government and international right wing. It sent election monitors to the Rhodesian elections staged by Ian Smith in 1979 and found them "fair," whereas the 1980 elections won by Mugabe under British supervision it found dubious. Its election

¹⁷⁰ Knack, 2004, 251-266

¹⁷¹ Finkel et al, 2006, 1

¹⁷² Ibid, 3

monitors also found the Salvadoran elections of 1982 admirable. It has expended substantial resources in criticizing the media for insufficient sympathy with U.S. foreign-policy ventures and excessively harsh criticism of U.S. client states. Its most notable publication of this genre was Peter Braestrup's *Big Story*, which contended that the media's negative portrayal of the Tet offensive helped lose the war. The work is a travesty of scholarship, but more interesting is its premise: that the mass media not only should support any national venture abroad, but should do so with enthusiasm, such enterprises being by definition noble. In 1982, when the Reagan administration was having trouble containing media reporting of the systematic killing of civilians by the Salvadoran army, Freedom House came through with a denunciation of the "imbalance" in media reporting from El Salvador¹⁷³. Given the origins of Freedom House, it is understandable if their indexes are not necessarily the most objective.

Conclusion:

Democracy promotion may have started off with the internationalism expressed through Woodrow Wilson's triad of "liberal governance, peace and free markets", however the selective application of these ideals has left much to be desired by those who look towards the US for guidance and support. The constant pursuit of US economic interest through various foreign policy tools and the consequent rise of neo-liberalism and neo-liberal globalization, all seem to re-assert the views put forward by Smith, Ralph, Robinson, Gills and Rocamora amongst others. This can be summed up by the fact that the US as it pursues its economic interests supports the

¹⁷³ Chomsky and Herman, 1988, 28

creation and maintenance of regimes that are conducive to the neo-liberal economic order, irrespective of what that entails for the local populations that have primarily market economies and complementary democracies. This is further emphasized through the constant importance free markets play in the various strands of theory underpinning American democracy promotion whether in the Wilsonian triad, the Democratic Peace Thesis, free market liberal democracy's impact on economic development, neo-liberal Reaganomics and Clinton's democratic enlargement. Throughout the course of American democracy promotion, the role of free markets was always vital to any form of political or democratic organization. As such, US democracy promotion seems designed to put in place the type of state apparatus required by neo-liberal economics. In short, low intensity democracy is the type of democracy that best suits US economic interests.¹⁷⁴ As Smith aptly notes in his reservations and criticisms of American democracy promotion: "...the form of democracy being promoted, and specifically the on the relationship between this geopolitical policy and America's geoeconomic policy... the latter drives the former, to such an extent that it results in the form of democracy promoted being particularly narrow and thereby suitable for supporting US economic interests"¹⁷⁵.

Democracy assistance, albeit packaged under development aid cannot be viewed in isolation from US foreign policy and US economic interests. Although some observers and experts such as Carothers note: "just as there is talk at times of a separation between US foreign interests aid and US foreign policy, and the need to

¹⁷⁴ Smith, 2000, 77

¹⁷⁵ Smith, 2000, 63

make foreign aid more strictly serve US policy goals, the relationship between democracy aid in a specific country and US policy toward that country is not always simple”¹⁷⁶. Within the general support to democracy assistance is the issue of World Bank and USAID support to the neoliberal Washington consensus in decentralization reforms is a case in point and is discussed in more detail throughout this work. The historical argument and examples of subordination of democracy assistance to US economic interests and the promotion of a specific type of democracy are numerous and well documented. Egypt, second only to Israel as a recipient of American aid, is by no means a democratic country. Yet it receives a significant share of total American aid and is considered a friendly moderate ally of the United States in the region. However, Egypt is not a democratic country; this is offset by its economic liberalization in line with the market economic prescriptions of neo-liberalism, which is applauded by Washington and conducive to American economic interests. Egypt is but one of many cases where stability and security concerns in addition to economic interests have overshadowed the concerns raised by democracy promotion. However, it should be noted that the neo-liberal inspired democracy assistance efforts supported by the United States could be in part responsible for the absence of democratic and participatory politics or eventually responsible for the weakening of the very aspects these policies claim to support. As demonstrated by the previous American support to low intensity democracy and impact of neo-liberal reforms on democratization and meaningful participation in a wide range of countries, this is not a farfetched claim. As Hook notes: “The U.S. democratic model, however, has traditionally emphasized

¹⁷⁶ Carothers, 2000, 187

political liberty while de-emphasizing socioeconomic equality. Indeed, the latter has been consistently viewed as a threat to the former. The failure of the U.S. government to accommodate a more expansive conception of democratic development in this additional area has not only produced frustration in the United States but anti-American sentiments in foreign countries seeking their own path”¹⁷⁷ . This has also brought the US’s commitment to democracy under suspicion in recipient countries as democracy assistance in particular and US aid are seen as a means to create an American model of a free market democracy¹⁷⁸. Democracy assistance is also further complicated by the overarching US concerns for security and stability in the Arab world. Moreover to economic interests, US geostrategic and security interests have shaped US foreign policy and consequentially democracy assistance to ensure US interests through favoring stability and security of its allies, lest democracy bring about governments that are not hospitable to US interests. The historical record is abundant with cases where the US has supported regimes that do not espouse American ideals of liberties and freedoms, primarily because they are allies of the US. Mubarak’s Egypt is but one of many of these regimes and most American allies in the region could be categorized as such. The criticisms of American democracy promotion efforts have varied from the theoretical and political levels to the actual implementation of democracy assistance. Alleged democracy promotion has taken the form of military intervention, political/diplomatic pressure and development assistance programs. The main theoretical or political criticisms include being eclipsed by geostrategic considerations, lacking credibility due to their inconsistent application,

¹⁷⁷ Hook, 2002, 126

¹⁷⁸ Al Sayyid, 2000, 49,50

harboring neo-liberal economic prerequisites, and promoting a very narrow American-centric version of democracy. In terms of implementation, it is clear that the quantitative proof that democracy assistance actually works is slim at best. The ability to evaluate and accurately assess democracy assistance is perhaps one of the main obstacles in improving its effectiveness and strengthening it in the long run. The dominant logical framework and management for results approaches are not necessarily the most suitable for political analysis or evaluating democratic governance projects, which are usually more complex than the standard development assistance efforts and causality not as pronounced. Before concluding this chapter, we have to entertain another opinion that democracy cannot be imposed or bequeathed upon a population and cannot be furthered by democracy assistance. As Burnell notes: “The implications for the possibilities of political self determination by countries can differ quite drastically from one approach to another. To illustrate, there is a view that true democratization by definition has to come from within society, or else the democracy’s authenticity and legitimacy will be impaired. In many accounts the reasoning is more functionalist: processes that are endogenous to the society, popular struggle, even, are a necessary condition if the new democracy is to stand much chance of being maintained. Democratisation is not something that can be done to a people or for a society”¹⁷⁹. Given the context for democracy assistance today and the widening gap between academic criticisms and implementation of democracy assistance programs, the field has a long way to go before funding matches the achievement of results and programming is improved to strengthen democratic

¹⁷⁹ Burnell, 2008, 421

governance. However, there have been positive attempts to improve the quality of democratic governance assessments to beyond the limitations of the LFA through utilizing more qualitative political analysis and the introduction of more participatory mechanisms to resolve the methodological difficulties of assessing the impact of democracy promotion activities only from donor perspectives, thus creating an enhanced and more rigorous approach to assessment and ensuring that local perspectives and multiple stakeholders are involved ¹⁸⁰. Alternative approaches to democracy promotion at the policy level such as supporting more comprehensive and systematic policies for reform in the Arab world that would democratize economic opportunities and strengthen the link between social reform and political reform are also growing ¹⁸¹. Yet for these significant and much required shifts to take place both donor and recipient countries will be required to induce changes that would make democracy assistance more effective. However, the critical review of democracy assistance outlined above, only covers the supply side of the equation, namely the approach of the US as the donor country to democracy promotion and democracy assistance. The analysis thus far has not included the reactions within recipient countries particularly when there is resistance to some of the elements supported by such aid as is the case of American democracy assistance in Egypt.

¹⁸⁰ Crawford, 2003, 1,2

¹⁸¹ Heydemann, 2007, 34,25

CHAPTER III

HISTORY OF LOCAL GOVERNMENT AND DECENTRALIZATION IN EGYPT: DONORS' STRUGGLE WITH GOVERNMENT

Egypt's centralized structure of governance can be traced back to the Pharaohs. As it was believed that the Pharaoh was the son of the sun god Ra, which did not leave much room for provincial or regional autonomy. This emphasis on the centralized power of the pharaoh was also further enforced by the belief that "the demands for a centralized manipulation of the Nile's irrigation system reinforced the tendency of the entire bureaucracy to see its interests and influence directly tied to the central government as the only legitimate seat of power. The prosperity of Egypt was dependent on the efficiency of its governmental organization to a degree hardly equaled anywhere in the world"¹⁸². Despite the fact that some observers claim that such a centralized structure of Pharaonic Egypt only pertained to affairs of the Nile¹⁸³. Various forms of governmental structures have been instilled in Egypt across Roman, Arab/Muslim, French, Ottoman, and British rule; all characterized by centralized top-down structures with the main seat of power located usually in Cairo and in Alexandria during Roman rule. These local structures were tasked with duties such as tax collection, maintenance and sanitation, management of a wide range of farming activities, military drafts and at times cultural and religious ceremonies¹⁸⁴. Throughout history, local government in Egypt has continued to be weak in favor of a centralized state and charged with only limited functions at the expense of realizing functioning local governance structures. Despite various donor interventions to support

¹⁸² Mayfield, 1996, 51

¹⁸³ Ghanem, 2008, p114

¹⁸⁴ Lewis, 1989, 134

decentralization and strengthen democratic participatory politics at the local level, political decentralization through increased local participation in the decision making process and the transfer of political power have not taken place in Egypt primarily due to the resistance of the Government to political liberalization and its acceptance of economic liberalization.

Historical Origins of Local Government in Egypt from the Pharaohs to British Rule:

During Pharaonic times, Egypt was divided in 24 provinces (nomes) which were each headed by a governor appointed by the Pharaoh. The number of provinces changed across historical periods with varying forms of regional structures, but the general overall structure remained significantly unchanged. During Ottoman and Mamluk rule, the Nile valley was divided in 24 provinces which were headed by *beys*. Local councils were first introduced in Egypt by the French colonialists, whereby the largest 14 provinces (*mudiriya*) had bureaus usually in charge of administration and security¹⁸⁵. French influence on local government in Egypt has been significant from Napoleon to Mohamed Ali, a point which has prompted one observer to note that the current 4-tier Egyptian administration system comprised of (*muhafza, markaz, qism, and qarya*) is curiously similar to France's system of (*department, arrondissement, canton, and commune*)¹⁸⁶.

During the reign of Mohamed Ali, Egypt's 14 largest rural provinces each had a provincial council that lacked representative and autonomous administrative and

¹⁸⁵ Shalabi, 1974, 65

¹⁸⁶ Mayfield, 1996, 54

financial capacities and were more administrative structures tied to the central government¹⁸⁷. An interesting example of initiative in local governance dates back to the mid-1860s when concerned citizens, mostly foreign merchants, established the *Comité du Commerce d'Exportation* or the Export Commerce Committee to improve local infrastructure in the absence of central support from Cairo. The Export Commerce Committee was allowed by the Central government to raise some funds to improve the infrastructure, provided that the process is under the supervision of the governor. This ushered in an early experience in municipal politics in the 1870s with the formation of the “mixed municipal council” (*majlis baladiya mukhtalat*) comprised of Egyptians and foreigners. Although the council lacked municipal powers and authorities it was allowed to raise some funds for local infrastructure, sewage systems and public works¹⁸⁸.

Under British rule starting in 1883, fourteen provincial elective councils were for the first time formally established, in addition to mixed municipal councils, comprised of Egyptians and foreigners, in larger cities and local councils on small rural towns and villages¹⁸⁹. However, the mixed municipal systems role was limited to paving roads, sewage systems and street-lighting¹⁹⁰. In 1893, smaller towns and cities were allowed to organize within “representative councils” that were not allowed to impose local taxes and were thus dependent on the limited funding provided by the center. The representative councils whose role was limited to listening and consulting

¹⁸⁷ Dodwell, 1967, 82

¹⁸⁸ Ibid

¹⁸⁹ Mayfield, 1996, 54

¹⁹⁰ Sadek, 1972, 19

had restricted tasks limited to functions such as garbage collection, street cleaning, enforcing sanitation, building and road construction, and ensuring a gas and water supply¹⁹¹ . However, even with these limited roles, the representative councils were required to receive final approval from the center. By 1910, the British established local councils in a number of villages that had police stations, with the chief of police in the village acting as the chairman of the local council. By 1944, 152 councils were present in cities, towns and villages divided as follows 13 mixed councils, 55 local councils, and 84 village councils. However, these highly bureaucratic councils had significantly weak financial and decision making authorities and were not well received by the local villages; this as such led to protest and dismay from the local villagers. By 1952, only 70 out of the 4000 villages had such councils. However, it should be noted that several of these councils were disbanded due to opposition and unrest¹⁹² . However, dissent was not the only game in town, as conformity and acquiescence to the occupation did exist. It should be noted that due to British occupation, most upper echelons (undersecretaries and director generals), were British citizens, especially in the areas of finance, justice, transportation, and irrigation and thus were dominated by the British Civil Service¹⁹³ . This further strengthened the perceived need of the Egyptian personnel at the local levels to conform and answer to the center on all matters.

The 1923 constitution outlined a new system of local government and was further strengthened by a set of legislative decrees over the course of the preceding

¹⁹¹ Ibid, 24

¹⁹² Landau, 1955, 153

¹⁹³ Sadek, 1972, 34

two decades which further defined and clarified the executive framework of local administration in Egypt this included their duties, functions, resources and the relationship to the center. Egypt was divided into administrative units, villages, and towns, “each given corporate status within the broader concepts of public law”¹⁹⁴ . According to Article 193 of the constitution, local and municipal councils were to function in accordance with the following principles:

1. Councils should be elected.
2. Councils should formulate and execute local policies, subject to prior sanction of higher authorities.
3. Budgets and final accounts should be published.
4. Sessions should be open to the public.
5. Legislative and executive authorities of the national government could veto council decisions and actions if they would endanger the public welfare of the nation.¹⁹⁵

Despite what appears to be a significant achievement in the overall political and institutional framework of local government in Egypt and the legislative measures to support it, Hilal notes that these councils had few and limited functions and were specifically forbidden to engage in political debate or to prepare any type of resolution or decision¹⁹⁶ . The Ministry of Municipal and Rural Affairs was established in 1950 to strengthen the internal workings of the local councils¹⁹⁷ .

¹⁹⁴ El-Araby, 1961, 17

¹⁹⁵ El-Araby, 1961, 20

¹⁹⁶ Hilal, 1977, 80

¹⁹⁷ Ibid

Local Government under Nasser:

Nasser and the Revolutionary Command Council came to power in 1952, which prompted the drafting of a new constitution to usher in a new era in Egypt's history. According to some observers the new constitution was to be more "democratic" and "local government institutions would be emphasized"¹⁹⁸. The 1953 draft of the constitution witnessed 15 articles dedicated to the functioning of local government such as the following:

1. The central government was specifically prohibited from nominating or controlling the election of the local council chairmen.
2. Non-elected members, including the ex officio members selected by the central government, would be restricted to no more than one fourth of the total council membership.
3. Specific powers were identified to ensure the collection and mobilization of adequate local resources to fund local public works projects.
4. The principle of local decision-making autonomy was outlined – restricting central government interference and ensuring that all disputes between local and central authorities could be presented to the Supreme Constitutional Court for resolution.¹⁹⁹

However, despite a real effort towards drafting a "democratic" constitution and the establishment of a truly decentralized system, as outlined in the 1953 draft of the constitution, the Nasser regime did not hesitate to ignore these articles in their entirety

¹⁹⁸ Mayfield, 1996, 57,58

¹⁹⁹ Umar, 1966, 126

for “concerns for local security and domestic peace”²⁰⁰. The final version of the constitution of 1956 placed “all reference to local government under the presidential and central executive authorities”²⁰¹. The 1956 constitution actually reversed some of the political and institutional gains for local government as experienced in the 1923 constitution as it limited the discussion of local government to: “The Egyptian republic shall be divided into administrative units, and all or some of them may enjoy corporate status”²⁰².

In addition to this deviation from the emphasis on local government, the 1956 constitution granted the central government and its ministries “the authority to approve or disapprove all local council decisions, and all recalcitrant councils were subject to executive censorship and dissolution”²⁰³. The section on local administration was further expanded in the 1964 constitution by expanding the functions of local administration to include service delivery and economic development²⁰⁴.

Law 124 was introduced in 1960 and is considered by many to be the original premise of the current local administrative system in Egypt. Law 124 created a new hierarchy of councils at the governorate (*muhafza*), district (*markaz*) and the village (*qarya*) comprised of elected, selected and ex officio members. According to Mayfield: “Law 124 was an innovative attempt to formalize central government control throughout all of Egypt, to develop new structures for mobilizing local participation, and the mechanisms through which the Egyptian government attempted

²⁰⁰ Mayfield, 1971, 126

²⁰¹ Ibid

²⁰² Umar, 1966, 126

²⁰³ Mayfield, 1971, 123

²⁰⁴ Ibid

to bring governmental services and public works projects into rural Egypt”²⁰⁵ . It should be noted that Law 124 of 1960 drew heavily on the territorial and organizational structure of Egypt’s single party, the Arab Socialist Union (ASU), with ASU presence corresponding to the government’s administrative divisions at the levels of the governorate, town and village²⁰⁶ . The ASU also had executive bureau comprised of key party leaders at both the district and governorate level. The following observations have been made regarding the relationship between the ASU structure and its implications on the system of local administration in Egypt:

1. By law, a majority of all governorate, town and village councils had to be elected members of their corresponding ASU committee of twenty *lajnat al-ishrin*²⁰⁷ , thereby ensuring ASU dominance in all local administration councils.
2. The governorate, town and village council chairmen were not to be considered ASU party workers. They were chosen by the central government. Governors, as governorate council chairmen and town council chairmen were (as is true today) usually but not always, former military or police officers, while village council chairmen, usually recruited and selected by the Ministry of Local Administration, were often officials assigned to the rural areas by various ministries (agriculture, social affairs and education).
3. The governorate party secretaries of the executive bureaus were full-time party workers and clearly played a very important role in controlling, prodding, and evaluating the functioning of the local government machinery.²⁰⁸

²⁰⁵ Ibid, 115

²⁰⁶ Ibid, 126

²⁰⁷ Lajnat al-ishrin or the committee of twenty was the executive arm of the basic unit conference formed at the most basic level of the ASU organizational structure. The committee was elected by the citizens of the respective village or town. Those elected would then chose a secretary, an assistant secretary and several delegates to the next level, that of the district, of the ASU hierarchy (Mayfield, 1996. 59)

²⁰⁸ Mayfield, 1971, 126, 127

Despite the clear requirement for the councils at all three levels to be comprised of elected, selected and ex officio members, the process of election is worth reviewing more closely. Under Law 124 of 1960, all the elected local administration officials had to be members of the ASU. At the village level the twelve elected members would be directly selected from the ASU's *lajnat al-ishrin*. It should be noted that "these elected members were chosen by the director of councils at the Ministry of Local Administration in conjunction with the governor and the governorate ASU executive secretary". The two selected members of the village local council were chosen based on loyalty to the party and efficiency based on a decree from the Ministry of Local Administration and the governor. While ex officio members were selected from government administrators representing the main sector ministries present in the village usually the following six: the Ministry of Health, Ministry of Education, Ministry of Housing and Public Utilities, Ministry of Social Affairs, Ministry of Agriculture, and the Ministry of Interior²⁰⁹.

Local Government under Sadat:

Under Sadat's regime came Law 52 of 1975 as a culmination of discussions and recommendations to allegedly strengthen local administration in Egypt. Although initially the new law did have various characteristics of a decentralized system of local government, it was relatively short lived and eventually revisited in 1979. Below are some of the recommendations that were adopted and thus changing some of the

²⁰⁹ Umar, 1966, 126

aspects of the system of local administration as previously outlined by Law 124 of 1960:

1. The local council would be comprised of elected officials only instead of the previous system of selected and elected officials within the same council. An executive committee comprised of the various administrative officials would be established at the levels of the governorate, district and village.
2. The local people's councils were granted the right to *istigwab* (question, challenge and require a response) the local officials on the executive committees on issues pertaining to administration, policy, and service delivery.
3. The establishment of the Services and Development Fund which allowed for the collection and retention of funds at the local level without having these funds returned to the central government at the end of the fiscal year. This was considered to be a breakthrough in terms of increased revenues and resources with the possibility of greater autonomy and decentralized processes.
4. The establishment of the council of beneficiaries (*majalis al mustafidin*) which included beneficiaries of the services being provided at the local level such as health and education. The purpose of these councils was to create a platform for interaction with the service providers to voice concerns, handle complaints, improve service delivery, and ensure equitable distribution and accountability.²¹⁰

However, not all the recommendations were accepted by the National Assembly. These rejected recommendations included: the central government's provision of an independent budget allocation to the local councils, the creation of a local government career system in the governorates for greater authority over the technical and administrative personnel to be hired, the allocation of a "lump sum" grant to be utilized at the discretion of the governorate, the establishment of integrated

²¹⁰ Mayfield, 1996, 65, 66

budgets from the various sector ministries and thus allowing governorates to prioritize based on their own needs, and the establishment of open membership on the council committees (whereby one third of the committee members could be from outside the council) on services such as health, education and agriculture²¹¹ . It is interesting how the government of Egypt is still grappling with whether or not to implement similar recommendations today. A problem that is further exacerbated by the rising poverty and inequality levels across the country, diminishing and inadequate service delivery and the strikingly weak capacities within the current system of local administration.

As mentioned earlier, Law 52 of 1975 was short lived and was later revisited and amended in 1979 with the issuance of Law 43. Law 43 of 1979 was intended to rectify the previous law, but in the end showed a clear bias towards the central executive. The reasons cited for this “correction” were “complaints from various governorate level officials claiming that many council members were irresponsible in their criticisms, unrealistic in their demands, and often disruptive to administrative efficiency...lacking appropriate understanding and technical background”, in addition to the government’s attempts to “crack down on the amount of conflict and unrest that first emerged in the late 1970s”²¹² . The most striking elements of Law 43 of 1979 were:

1. “Executive committees” were to be renamed “executive councils” in a measure by the central government to show that the executive branch was not subservient to the local councils.

²¹¹ Ino et al, 1989, 130 - 132

²¹² Mayfield, 1996, 68

2. Both the executive councils and the local people's councils were to be part of one administrative structure.
3. All budgetary and policy-implementation powers were delegated to the executive councils.
4. Local people's councils' roles were redefined from decision making bodies to advice and review giving councils. The previously granted right of *istigwab*, which was granted to the elected local councils earlier was severely restricted. And as such the local people's councils became hollowed out platforms of participation with review and consultative responsibilities only.
5. Councils of beneficiaries were cancelled as they were perceived to serve redundant functions as those of the local people's councils.²¹³

However Sadat's reform of the local administrative system does not end there. Law 50 of 1981, which was a minor amendment to Law 43 of 1979, granted increased financial responsibilities to local councils in terms of revenue generation at the local level. Law 50 of 1981 also created the Higher Council for Local Administration which was to be chaired by the Prime Minister and was comprised of all governors, and elected governorate level local council chairmen. Although intended as a direct platform between local level officials and national leaders and despite potentially beneficial impacts on local administration in Egypt, the council never met and was later eliminated in an amendment to Law 43²¹⁴. It is worthy to note that the return of the Higher Council for Decentralization is being proposed in the draft law prepared by

²¹³ Ibid

²¹⁴ Ino et al, 1989, 136

the Ministry of Local Development and was expected to be reviewed by the now dissolved parliament in the 2010/2011 term²¹⁵ .

Local Government under Mubarak:

The most recent law of local administration, Law 145 of 1988, was drafted under the Mubarak regime and amidst increasing problems of chronic inflation, rising food prices, unemployment, rising poverty levels and the looming threat of religious extremism. The most interesting articles of this law mostly pertain to limiting of political participation through the local electoral process and an increased role for the Ministry of Local Administration in terms of the financial aspect of local administration. It has been noted, that despite various tendencies towards recentralization, Law 145 did demonstrate “some decentralizing factors were active in its drafting”²¹⁶ . In terms of political participation and propelled by fear of religious extremism and political opposition, Law 145 outlined the use of party lists in elections to restrict political interaction and confrontation. Law 145 also increased control of the central government over fiscal matters such as the disbursement and allocations of the Special Account Funds and the placing of any increase in local fees under the review and approval process of a newly established central committee²¹⁷ . It should be noted that this review process which would normally be controlled by the Ministry of Finance was now under the mandate of the Ministry of Local Administration, a point which is believed to be a form of financial decentralization as the Ministry of Local

²¹⁵ Decentralization Support Unit, Draft Local Administration Law 2011

²¹⁶ Abd Al Wahhab, 2006, 64

²¹⁷ Ibid

Administration supposedly represents the interests of the governorates and would eventually strengthen the governorates ability to increase local revenues²¹⁸ . Law 145 would also require the governorates to work closely with the Ministry of Local Administration instead of the Ministry of Finance on “matters related to planning, capital investments, and annual budgets”²¹⁹ . However, as is demonstrated in the case study, there have been steps taken to position the Ministry of Finance as a main partner in the establishment of fiscal decentralization. Another interesting article is that pertaining to the required approval of the governorates’ draft budget by the People’s Assembly and the right to resort to the Ministry of Local Administration or the prime minister in case of disapproval²²⁰. Mayfield claims that this could be “a ‘sleeper clause’ with important implications for strengthening the local people’s councils in the long run”²²¹ .

The decentralization and local administration debate was one of the cases taken up by the former National Democratic Party and particularly the Secretary of the Policies Committee and former president of Egypt’s son, Gamal Mubarak. It was clear that the reason for this was not to strengthen participatory politics at the local level, but despite democratic rhetoric it focused solely on improving service delivery and planning functions at the local level²²².

Prior to the ousting of Mubarak by popular street protests and strikes from the period from 25 January, 2011 to February 2011, the Ministry of Local Development

²¹⁸ Ibid, 65

²¹⁹ Ibid, 70

²²⁰ Ibid, 75

²²¹ Mayfield, 1996, 70

²²² El Ahram, 30 January 2010, <http://www.ahram.org.eg/62/2010/01/30/27/5359.aspx>

and the Decentralization Support Unit were working on drafting a new law of local administration that was to be discussed and ratified by the now dissolved parliament in its 2010/2011 session. However, with the ousting of Mubarak and following a court case filed to the Administrative Court in Cairo for the dissolution of the local councils, a court decision was taken to dissolve the local councils on 28 June, 2011. According to the court decision, the local councils “were tools of the previous regime, and implementers of its wishes, and therefore were rendered useless with the fall of the regime. The court further emphasized that it was unacceptable for the regime to fall and these councils to remain after losing all legitimacy and their dissolution and exclusion has become necessary”²²³ .

However, the new draft law for local administration is still a subject of debate and review within the Ministry of Local Development. Based on the documents shared by the colleagues from the Decentralization Support Unit it is clear that the draft/proposed law is a significant departure from the previous local administrative framework particularly regarding the roles of the Governor, LPCs, LECs, supporting organizations/institutions and funding mechanisms. The role of the Governor shifts from that of an executive to monitoring and quality assurance based on standardized national guidelines. The executive functions are now to be the responsibility of the newly established executive organ which is to be completely supervised and directed by the elected Local Popular Councils (LPCs) and headed by the Secretary General of the Governorate, who is now to be appointed by the LPC instead of the Prime

²²³ Al Wafd Newspaper, 2011,
http://www.alwafd.org/?option=com_content&view=article&id=63818#axzz1T3MrJalE

Minister, as is the case under the current law. Under the proposed law, the LEC now only have a coordination role, which is envisaged to decrease as the decentralization process advances. The proposed law also establishes a number of support institutions such as the LPC Budget Authorities at the local level to facilitate funding and managing financial resources, the Local Development Observatory to act as a database and inform decision making at the local level and the Local Development Institute to strengthen capacities for local administration. These new roles and organizations are to be further enhanced through new participatory planning at the district and governorate levels with more autonomy to budget, plan and manage resources at the district and governorate levels through the elected LPCs.

The below table highlights the main differences between the current law and the proposed draft:

Major Proposed Amendments to Local Administration Law (43 of 1979)²²⁴

Comparison Issue	Current Law (Before Amendments)	New Draft Law (After Amendments)
The Role of the Appointed Governor	The governor plays a major executive role as the head of all executives at the governorate level. He is also the representative of the President at the governorate level to maintain the implementation of national public policies.	The governor has a monitoring and inspection role as a representative of the central government at the local level. The Governor performs this role based on the national standards and measures set by the central government. The governor also assures the legality of local administration decisions and actions.
The Role of the Secretary General	The secretary general is appointed by the Prime	The secretary general is appointed by the elected

²²⁴ Decentralization Support Unit, Ministry of Local Development, April 2011

at the Governorate Level	Minister. S/He is the acting administrative and financial manager at the governorate level. He is under the direct supervision of the governor.	Local Popular Council (LPC). S/He is the head of the executive organ which receives direction and orientation from the elected LPC in running decentralized (devolved) functions and responsibilities.
The Executive Organ (EO)	N/A	The organ that runs all the decentralized (devolved) functions, authorities, and responsibilities. It is totally under the supervision of the elected LPC. The secretary general is the head of the EO.
The Local Executive Council (LEC)	LEC is headed by the governor. LEC members are the heads of de-concentrated service directorates. The LEC is responsible for all the executive work at the governorate level (devolved and de-concentrated functions and responsibilities).	The LEC is headed by the governor. It only has a coordination role between the de-concentrated service directorates and the EO. The role of LEC is diminishing as long as decentralization gets advanced.
The Local Popular Council (LPC)	Fully elected council that monitors and controls the performance of the local executives regarding public service provision. The LPC has the right to ask the executives about their performance without interrogating them.	Fully elected council plays the identified role under the current law regarding de-concentrated services. For the decentralized (devolved) services, LPC has real executive role. It directs and supervises the work of the EO and its head. LPC has also the hire and fire authority regarding the top-management positions of the EO.
LPC Technical Secretariat	N/A	Technical body under the LPC to support decision making at the council. This technical body will be financed by the budget of the

		LPC.
The Governor Institution	N/A	An institution which is separate from the executive body of the governorate. It supports the governor to play his new role as a controller rather than executive chief.
The Relationship between the Governorate and the districts within its jurisdiction	Districts are totally affiliated to the concerned governorate. The decisions of LPCs at the district level should be approved by the LPC at the governorate level. All executives at the district level report to their concerned managers at the governorate level. District budget is an integral part of the governorate budget.	Districts are not affiliated to the governorates. The relationship between the two levels is mainly geographical, except for the projects or services that may serve more than one district or experiences economies of scale. The decisions taken by LPC at the district level should not be approved by LPC at the governorate level. District budget is not part of the governorate budget. The relationship between the governorate and the districts is communication rather than authoritative.
Local Financial resources	<ul style="list-style-type: none"> - Local taxes (property tax, agricultural land tax, entertainment tax, and vehicle tax) - Non Tax Revenue - Revenues from local special funds 	<ul style="list-style-type: none"> - Local taxes (property tax, agricultural land tax, entertainment tax, and vehicle tax) - Non Tax Revenue - Revenues from local special funds - Formula-based transfers from the central government - Share of to be established Local Joint Account (equalizing account)
LPC Budget Authority	N/A	Budget authorities to be established at the governorate and district levels. These authorities will

		receive the central transfers that will be assigned to the decentralized (devolved) functions and responsibilities.
Intergovernmental Fiscal Transfers Commission	N/A	To be established in the Ministry of Finance (MoF) to design, implement, and update funding formulas at the central and local levels. This commission will have representatives from MoF, sector ministries, and local administration.
Local Planning	Wish list approach with no budget ceilings	Real participatory planning process at the governorate and district levels with specific budget ceiling. Local planning will be limited to the decentralized (devolved) functions and responsibilities.
Local Development Institute (LDI)	N/A	The LDI, to be established, will serve as an academy to build the capacity of a new generation of qualified and competent local administration officials.
Supreme Council of Local Administration (SCLA)	Exists but not activated (Convened one meeting over the last 30 years)	Critical role of the supreme council as a dispute settlement mechanism either between central government and local entities or between local entities.
Local Development Observatory (LDO)	N/A	Local development data engine that supports decision making at the local level rather than serving the central government.

In practice, the various attempts of the central government to shape the Egyptian system of local administration have resulted in a weakened system of local administration and consequently weak local politics. In the local and municipal elections of April 2002, the National Democratic Party (NDP) won 97% of the municipal seats and 52% of constituencies unopposed. It should be noted that 70% of the ruling NDP's candidates ran unopposed. The NDP registered 48,106 candidates, out of a total 60,080 candidates registered including opposition and independent candidates. Although there are no official figures, voter turnout was believed to be considerably low and attributed to the fact that there were no opposition candidates were running²²⁵ .

This trend of weak and in fact disappointing local politics continued unabated. The following elections of 2006 were cancelled and postponed to 2008. In the wake of the electoral gains of the banned but tolerated Muslim Brotherhood in the 2005 parliamentary elections and their acquisition of 88 seats amounting to 20% of the lower house of the Egyptian parliament, the People's Assembly, the government's ruling party, the National Democratic Party (NDP), could not afford to suffer anymore electoral losses particularly at the local level amidst the heightened opposition from the Muslim Brotherhood. However, the reasons cited by the Safwat El Sherif Secretary General of the National Democratic Party and head of the Egyptian Consultative Council which approved the delay of the local elections was due to the drafting of a new law on local administration. This law had not yet come out at the time of writing.

²²⁵ UNDP POGAR, <http://www.pogar.org/countries/theme.aspx?cid=5&t=3#sub4>

Wide scale violence and the mass arrests of Muslim Brotherhood candidates that commenced during the parliamentary elections in 2005 were repeated during the postponed local elections of April 2008. The Muslim Brotherhood eventually withdrew the elections a few hours prior to voting, claiming that this was response to the government's rejection of 4000 candidates nominated by Muslim Brothers despite submitting of all required legal documents for their nomination. Moreover, the government had completely disregarded 3800 judicial orders, or decisions in favor of allowing nominees to run in the local elections²²⁶. Not to risk a repeat of the legislative elections in 2005, the ruling NDP fielded 55,000 candidates for the contested 52,000 local councils seats. The voting process, which took place without judicial supervision, commenced with the NDP announcement that it had won 83% of all local councils seats uncontested and thus restricting "competition" to 17% of total seats. Final result showed that the National Party won over 95% of all local councils' seats. This is also a significant election considering the recently passed constitutional amendments which required that any presidential candidate receive the support of 150 local council members in 10 governorates²²⁷.

Once again, the rate of participation was unannounced although some human rights organizations who monitored elections estimated that rate to be 5% - 7%. There was no judicial supervision of elections. One human rights organization monitoring the electoral process in Cairo and Alexandria claimed that "there was no election at

²²⁶ UNDP POGAR, <http://www.pogar.org/countries/theme.aspx?cid=5&t=3#sub4>

²²⁷ UNDP POGAR, <http://www.pogar.org/countries/theme.aspx?cid=5&t=3#sub4>

all”, while the National Center for Human Rights reported more than 80% of observers who represented human rights organizations were expelled from polling stations²²⁸ .

Given the heavily centralized nature of governance structures in Egypt, it is no surprise that this sector attracts donor attention and reform initiatives, in the form of decentralization support, as Egypt’s relationship with the aid regime progressed in accordance with the neoliberalism doctrine. As mentioned in the previous chapter, decentralization constitutes an area that allows furthering neoliberal reform and limited democracy promotion within the prescriptions of the “markets first democracy later”²²⁹ approach characteristic of American democracy assistance to Egypt.

Decentralization has been applied in developing and developed countries across the world. As of 2002, over 60 countries had adopted it as “an important component of development strategy”²³⁰. In a 2008 report issued by the World Bank’s Independent Evaluation Group evaluating decentralization efforts supported by the World Bank, the authors noted that “Most World Bank client countries have decentralized to at least one level of elected subnational government”²³¹ The reasons behind the adoption of decentralization and its application by host governments have varied to and has ranged from increasing central control over peripheral areas, improving service delivery, strengthening national unity through increased participation, combating corruption, enhancing political legitimacy, tackling poverty reduction and reducing red tape amongst other reasons. Over the last decade in Egypt

²²⁸ UNDP POGAR, <http://www.pogar.org/countries/theme.aspx?cid=5&t=3#sub4>

²²⁹ Heydemann, 2007, 17, 18

²³⁰ Lindaman and Thurmaier, 2002, 918

²³¹ World Bank ,2008, 5

alone various donors including the United States Agency for International Development (USAID), the United Nations Development Program (UNDP), the World Bank, the Government of Netherlands, and the Government of Canada have put millions of dollars in supporting decentralization initiatives in Egypt such the National Program for Integrated Rural Development, also known as the *Shorouk* (sunrise) program, the Egyptian Decentralization Initiative, Municipal Initiatives for Strategic Recovery (MISR), and the UNDP supported Technical Support to the Ministry of Local Development . Yet despite this international trend to adopt decentralized frameworks and the ongoing donor enthusiasm for such initiatives, decentralization in Egypt remains to be an “on-going” affair and political decentralization still pending.

Defining Decentralization:

The very term “decentralization” remains to be a contested and vague development concept. This can prove to be problematic in terms of implementation and evaluation for development practitioners in particular and may also have widespread and unintended results that may be detrimental to the development efforts which were to be addressed in the first place.

A review of development literature on decentralization is quite likely to present the fact that no one definition of the concept of decentralization exists. One observer has noted that “there is considerable confusion in the literature regarding decentralization. While one observer may see decentralization as a legitimate process for improving administrative efficiency, another may see the same process as a

procedure which the central government uses to restrict meaningful political participation in the local areas”²³² . However, this difficulty in defining or conceptualizing decentralization for that matter is by no means novel. Rondinelli takes note of this in 1981 when stating that: “some of the problems that have arisen in developing notion with implementing decentralization have been conceptual. Decentralization is often discussed and proposed by government officials and staffs of international aid agencies without a concise conception of its meaning and without a real understanding of the alternative forms that decentralization can take”²³³ . A working report issued by the United Nations Development Program Evaluation Office titled “Decentralization: A Sampling of Definitions” contends that: “...there is no common definition or understanding of decentralization, although much work has gone into exploring its differing applications. Decentralization means different things to different people”²³⁴ .

Looking at the literature produced by various donor agencies further strengthens this point. The Occasional Working Paper 6 issued in 2006 by the UNDP’s Bureau of Development Policy titled “Decentralization and National Human Development Reports” for example does not attempt to define the concept at least once in the entirety of the publication. Egypt’s 2004 National Human Development Report titled “Choosing Decentralization for Good Governance” which had a particular focus on decentralization does not clearly define the concept throughout the entire report. However, there are various instances in the report where what

²³² Mayfield, 1996, 209

²³³ Rondinelli, 1981, 136

²³⁴ UNDP, October 1999, 1

decentralization entails, requires or implies is mentioned and/or alluded to. For example, the lead author claims that “for Egypt, decentralization is considered a mechanism to enhance local communities’ participation in decision-making in a way that promotes better access to basic services, improved quality of services, cost-efficiency and prioritization of beneficiaries’ needs”²³⁵ . The Report also states that: “There is no single universally accepted definition of decentralization. The lack of rigid consensual norms, however, gives countries the flexibility to decentralize within the framework of their existing political, administrative, fiscal and cultural institutions. Decentralization, therefore, is envisaged as building on systemic strengths in order to reduce the potential costs of a radical transformation while maintaining necessary levels of political support for the transition”²³⁶ . However, the report does attempt to provide very basic definitions of administrative and fiscal decentralization and an ideal view of what “the final stage of decentralization” will look like in Egypt: “The final stage of decentralization, At this stage, it is envisioned that a multiparty system and democracy will be fully operative at all levels, administrative decentralization will translate to transfer of authority and responsibility from top to bottom so that citizens can monitor and evaluate performance of government at the community level and the system of checks and balances ensures transparency and accountability. Full fiscal decentralization will mean the ability of local communities to express their priorities in the choice of their current and capital budget mix, subject to a hard budget constraint

²³⁵ Handousa, Egypt National Human Development Report, 2004, ii

²³⁶ Egyptian Human Development Report, 2004, 62

controlled by the Ministry of Finance according to agreed criteria related to equity and HDI”²³⁷ .

According to USAID’s Democratic Decentralization Programming Handbook, decentralization is conceptualized as “as a reform that advances the exercise of political freedom and individual economic choice in a context of stability and the rule of law. ...decentralization is defined as the transfer of power and resources from national governments to subnational governments or to the subnational administrative units of national governments”²³⁸ .

But we can deduce some aspects of decentralization from the literature and its various applications. We do understand that for example it is a process and not an end in itself. According to the Report of the United Nations Global Forum on Innovative Policies and Practices: “In the process of decentralization that is to say, the redefinition of structures, procedures and practices of governance to be closer to the citizenry the importance of a general sensitization of the public and a heightened awareness of costs and benefits, especially for direct stakeholders, both at the central and local levels, has to be emphasized. The process of decentralization should be understood from such a perspective, instead of being seen in the over-simplistic, and ultimately inaccurate, terms of a movement of power from the central to the local government”²³⁹ . This point is further elaborated by the UNDP in another publication: “While decentralization or decentralizing governance should not be seen as an end in itself, it can be a means for creating more open, responsive, and effective local

²³⁷ Egypt Human Development Report, 2004, 13

²³⁸ USAID, Democratic Decentralization Programming Handbook, x

²³⁹The report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, 1996, 26

government and for enhancing representational systems of community-level decision making. By allowing local communities and regional entities to manage their own affairs, and through facilitating closer contact between central and local authorities, effective systems of local governance enable responses to people's needs and priorities to be heard, thereby ensuring that government interventions meet a variety of social needs²⁴⁰.

In conclusion, there is no one universal or conventional definition for decentralization. However, it can be assumed that it is a process that involves administrative, fiscal and political change and transformation that invokes elements of power sharing, devolution of authority and power to more local levels, democratic participation and local representation and can encompass a range of sectors from health, education, planning and basic service delivery.

Various observers have agreed that for decentralization, irrespective of the form or type, to be applied it has to be based on a political commitment. In my opinion and based on the basic definitions provided earlier, decentralization is in essence a political decision as it involves the transfer of political power and increased participation to levels that were not involved in the political process and/or decision making process.

Levels and Forms of Decentralization:

From the literature reviewed below, we understand that defining decentralization is by no means a simple task. Neither is it a concept that has attained

²⁴⁰ UNDP, Decentralized Governance Monograph: A Global Sampling of Experiences, 6

any form of consensus amongst academics or practitioners. In the following section, I will attempt to breakdown this complex concept and reach a working definition to be used for the remainder of this effort.

Decentralization involves three levels namely deconcentration, delegation and devolution and is characterized as administrative, fiscal and/or political. As such devolution is considered the highest level of decentralization and political decentralization considered the desired end result of decentralized and *democratic* political system. However, it should be noted that these levels are by no means mutually exclusive but constitute necessary prerequisites or stepping stones and are interlinked in a way that would ideally result in a form of democratic governance that is participatory and representative at the most local levels possible. As we will see from the historical evidence below and the evolution of decentralization processes in Egypt, this is not yet the case.

Administrative decentralization as described by the World Bank “seeks to redistribute authority, responsibility and financial resources for providing public services among different levels of government. It is the transfer of responsibility for the planning, financing and management of certain public functions from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities”²⁴¹ .

²⁴¹ World Bank, Administrative Decentralization,
<http://www1.worldbank.org/publicsector/decentralization/admin.htm>

Fiscal decentralization, as defined by the World Bank, “involves shifting some responsibilities for expenditures and/or revenues to lower levels of government. One important factor in determining the type of fiscal decentralization is the extent to which subnational entities are given autonomy to determine the allocation of their expenditures. (The other important factor is their ability to raise revenue.)”²⁴². A more concrete definition is provided by Davey: “Fiscal decentralisation comprises the financial aspects of devolution to regional and local government. It is the currently fashionable term; the alternative descriptions "central-local (or intergovernmental) financial relations" and "fiscal federalism" Fiscal decentralization covers two interrelated issues. The first is the division of spending responsibilities and revenue sources between levels of government (national, regional, local, etc). The second is the amount of discretion given to regional and local governments to determine their expenditures and revenues (both in aggregate and detail)”²⁴³.

Political decentralization is defined as “greater local participation and the transfer of political power to locally elected councils who not only represent their local constituency but have the power and authority to hold local administrative officials accountable for the implementation of locally determined policies”²⁴⁴. This is a basic working definition that I will use for the remainder of the work to define the objective of political decentralization processes or lack thereof in Egypt.

²⁴² World Bank, <http://www1.worldbank.org/publicsector/decentralization/fiscal.htm>

²⁴³ Davey, Fiscal Decentralization, <http://unpan1.un.org/intradoc/groups/public/documents/unpan017650.pdf>

²⁴⁴ Mayfield, 1996, 208

History of Decentralization in Egypt:

Decentralization somewhat like transitions to democracy has been experienced or described to have occurred in waves starting from the early 1950s and 1960s until today. Many observers have noted that Egypt has not yet joined the ranks of the countries democratizing in the third wave; however, it appears that it is involved in varying degrees in all of decentralization's three waves. The focus of this research effort is more concerned with the third wave and what it implies for Egypt's development. This third wave is described by Lindaman and Thurmaier as "ideologically driven and based on a preference for a market-oriented state"²⁴⁵.

The first wave of decentralization was more focused on the administrative aspects of decentralization. The World Bank defines administrative decentralization as "seeks to redistribute authority, responsibility and financial resources for providing public services among different levels of government. It is the transfer of responsibility for the planning, financing and management of certain public functions from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities"²⁴⁶. The World Bank's definition clearly inflates the nature of administrative decentralization as it was applied in the historical sense the world over and particularly in Egypt. What was experienced was not the redistribution of "authority, responsibility and financial resources among different levels of government", but a very basic form of "decentralization", defined as

²⁴⁵ Lindaman and Thurmaier, 2002, 918

²⁴⁶ World Bank, Administrative Decentralization,
<http://www1.worldbank.org/publicsector/decentralization/admin.htm>

deconcentration, as some specific tasks were simply passed on from the center to the local levels without a significant political authority or power and/or financial resources to act independently of the center. Briefly speaking this form of decentralization involved “deconcentrating central ministries to local field offices or delegating responsibilities funded by the state to local governments”²⁴⁷ .

Deconcentration is described by Mayfield as “the reassignment of personnel from the central government to local areas in the administrative system, including giving them some degree of responsibility for specific functions at lower levels of central government ministries. This often implies the transfer of specifically defined functions but with the ultimate authority remaining in the central ministry”²⁴⁸ . Mayfield notes that deconcentration “was the most common form of decentralization in Egypt during the late 1960s and 1970s”²⁴⁹ . According to the World Bank: “Deconcentration... is often considered to be the weakest form of decentralization and is used most frequently in unitary states”²⁵⁰ . Based on the previous definitions, we can state that deconcentration does not in fact involve any transfer of power but merely creates administrative structures similar to those of the center at the local level.

The second wave of decentralization from the 1970s and 1980s was more focused “on strategies of devolving central government responsibilities—and revenue sources—to local governments”²⁵¹ . However, as described below this was more of a

²⁴⁷ Lindaman and Thurmaier, 2002, 918

²⁴⁸ Mayfield, 1996, 208

²⁴⁹ Ibid

²⁵⁰ World Bank, Administrative Decentralization,
<http://www1.worldbank.org/publicsector/decentralization/admin.htm>

²⁵¹ Lindaman and Thurmaier, 2002, 918

normative goal that was implemented quite differently in the case of Egypt. Lindaman and Thurmaier described this second wave as one that involved “devolving” responsibilities. Although they do note that the reality was far from the rhetoric, “devolution” as defined in the context of decentralization is not necessarily the most appropriate term to use in the case of Egypt’s experience with decentralization at the time. A more apt term would be “delegation”. Delegation is defined as the “transfer of managerial responsibility for specified functions to both local and administrative units and other types of organizations outside the regular bureaucratic structures, including parastatals and semi-autonomous administrative agencies”²⁵² . The World Bank defines delegation as “a more extensive form of decentralization. Through delegation central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it”²⁵³ .

As such it is clear that delegation is a more suitable term as only some functions or responsibilities are handed down from the center to the local levels. Unlike deconcentration, delegation involves a partial transfer of limited power to the local levels. According to Mayfield this was the most common form of decentralization in Egypt during the 1970s and 1980s as some functions required for the implementation of specific local projects and services were delegated to Governors

²⁵² Mayfield, 1996, 208

²⁵³ World Bank, Administrative Decentralization,
<http://www1.worldbank.org/publicsector/decentralization/admin.htm>

and their staff²⁵⁴ . This is arguably still the case in Egypt as it has not yet reached a point of devolution, the next process in decentralization.

However, the fact that Egypt's central government has only experimented with deconcentration and delegation, does not mean that it has not participated in the third wave of decentralization. Starting from the 1990s, the third wave of decentralization has been characterized as one that "focuses on the fiscal devolution model of decentralization and is based largely on arguments that states need to be more market oriented"²⁵⁵ . Fiscal decentralization, as defined above by the World Bank and Davey entails mainly the delegation of fiscal responsibility and the degree of autonomy available to lower levels of government to generate revenues and allocate expenditures vis a vis the central government. However this form of decentralization can exist in the absence of meaningful participatory based political decentralization and the actual devolution of political authority through various forms of delegation and deconcentration.

Mayfield notes that in Egypt, "decentralization refers simply to a process of transferring ever-increased authority from the central government to the local units located in the governorates. Thus, decentralization is largely perceived as an organizational process in which systems of planning and implementation of state policy are improved through the delegation of central prerogatives and authorities and the deconcentration of central-level personnel to local areas. The initiative, at least in Egypt, for such administrative decentralization clearly must come from the central

²⁵⁴ Mayfield, 1996, 208

²⁵⁵ Lindaman and Thurmaier, 2002, 918

government. This type of decentralization is not perceived as a political process in which local citizens are given greater opportunities for meaningful participation, but merely a process through which local units are able to function with somewhat greater autonomy. Implicit in such administrative decentralization is the implication that the ultimate authority and power still rests with the central government. Measures of this process of decentralization are defined in terms of administrative efficiency and effectiveness, improved service-delivery, and perhaps even increased local resource-mobilization. The focus is on government officials and the role they play, the degree of decision-making discretion, and the level of independence they have in allocating resources and solving local problems”²⁵⁶.

Sample of Decentralization Initiatives in Egypt:

Over the last decade in Egypt alone various donors including the United States Agency for International Development (USAID), the United Nations Development Program (UNDP), the World Bank, the Government of Netherlands, and the Government of Canada have put millions of dollars in supporting decentralization initiatives in Egypt such as the National Program for Integrated Rural Development, also known as the *Shorouk* (sunrise) program, the Egyptian Decentralization Initiative, Municipal Initiatives for Strategic Recovery (MISR), and the UNDP supported Technical Support to the Ministry of Local Development . USAID has been supporting local development initiatives in Egypt since the late 1970s.

²⁵⁶ Mayfield, 1996, 210

Yet despite this international trend to adopt decentralized frameworks and the ongoing donor enthusiasm for such initiatives, decentralization in Egypt remains to be an “on-going” affair and political decentralization still pending. Donor agencies have implemented a series of participatory planning and decentralization projects and programs over the course of the past two decades in Egypt. It is safe to say that various endeavors and participatory initiatives funded by both government and donors have created and sparked and shaped the debate around decentralization and the application of participatory decentralized processes in Egypt today. According to Rania Hedeya, Democratic Governance Program Analyst at UNDP Egypt, prior to the publication of UNDP’s National Human Development Report in 2004, the concept of decentralization was not widely used in the Egyptian development lexicon and as such programs and projects were formed under the umbrella of rural development, enhanced local participation (in planning and budgeting) and the implementation of participatory projects to address mostly issues regarded to poverty alleviation and improved service delivery in rural Egypt²⁵⁷.

The National Program for Integrated Rural Development - *Shorouk* Program

The National Program for Integrated Rural Development, also known as the *Shorouk* (sunrise) program was developed by Organization for Reconstruction and Development of Egyptian Villages (ORDEV) and originally funded by the Government of Egypt and the Social Fund for Development, and two years into the

²⁵⁷ Rania Hedeya, interviewed by Ahmed Badawi, UNDP Egypt, 4 September 2010

program was co-funded by USAID²⁵⁸. Based on the proceedings of the first conference on rural development held in October 1994 and the subsequent launch of the *Shorouk*, which was to incorporate all stages and aspects of development: planning, funding and implementing, with technical and financial support from the government. The *Shorouk* program had the following objectives:

- Upgrade the quality of rural life to levels similar in urban areas.
- Promote and develop the concept of community participation in planning, implementation and evaluation of local development plans.

This was to be achieved through increasing participation and the involvement of citizens through a three tier system of *Shorouk* Committees with varying distributive authorities on the village, district and governorate level. The structure of these committees is strikingly similar to that of the system of local administration implemented under Nasser's regime with its duplication of the Arab Socialist Union party's organizational structure of having councils at the three levels of the village, district and governorate.

ORDEV provided the technical support and the project attempted to enhance participation in the provisions of better service delivery. In the end, the eight year program that started in 1994 spent approximately 1.87 billion pounds on 76,138 projects mostly in infrastructure investments (75.9%) and to a much lesser extent on

²⁵⁸ World Bank, 2007, 1

human development and economic development projects (16.3% and 7.8% respectively)²⁵⁹.

According to the UNDP Egypt Human Development Report: “The Shorouk program proceeds from a specific vision of rural development as a planned progressive change process towards the general upgrading of all aspects of life in the local society, performed by the citizens in a democratic framework, with technical and financial assistance from government”²⁶⁰.

According to two publications of the World Bank and the ILO, the program eventually achieved its objectives through strengthening “grassroots participation in all aspects of life at the rural communities’ level” (World Bank and ILO). However, another report issued by the World Bank stated that the “the Shorouk Fund Program had had a number of problems”²⁶¹. These problems were further defined by UNDP as “the deficiency of training of the administrative and organizational managers, and insufficient governmental finance to achieve the desired development. Besides, this program is regarded as a sectional program that competes with other ministries’ programs in the field of rural development. Furthermore, initial implementation took place quickly and then its executive time schedule in all the villages was revised and expanded without a proportional increase in funds. As a result, the average share of the local rural unit from the funds has decreased. Moreover, the range of projects has become restricted to only specific kinds of projects such as water projects, leading to a decline in the program’s investment in institutional and human development, thus

²⁵⁹ UNDP, 2003, 108

²⁶⁰ Ibid, 27

²⁶¹ World Bank Independent Evaluation Group, 2006, 9

reducing the returns from development and obstructing some of the efforts deployed for achieving participatory development. Nonetheless, this work methodology is a step in the right direction towards more popular participation”²⁶².

Despite the above mentioned challenges, the UNDP Human Development Report considered the Shorouk program to be: “a ‘best practice’ example of an integrated rural development program that leans mainly on grassroots participation in all stages of the development process: planning, financing, reasoning and executing. Grassroots participation is a strategic goal, not just a tool. It aims to transform the rural citizen from a receiver to a doer, a participant in the development process, as a means of ensuring the persistence and sustainability of development”²⁶³.

Municipal Initiatives for Strategic Recovery (MISR)²⁶⁴:

The Municipal Initiative for Strategic Recovery (MISR) project held in collaboration with the Ministry of Planning and later the Ministry of Local Development had the objective of promoting local participatory planning in Rural Upper Egypt from 2005- 2007. MISR was an initial attempt to integrate citizens’ feedback into the planning processes of various tiers of local administration. The project aimed to establish mechanisms for participatory planning and accountability (through social audits) at the local level. It also tried to build the institutional capacity

²⁶² UNDP, 2003, 27, 28

²⁶³ Ibid

²⁶⁴ This subsection was based on the author’s compilation and review of internal UNDP progress reports on the project and a series of project briefs made available by the UNDP Country Office in Egypt for this research effort in addition to the information provided by Rania Hedeya, interviewed by Ahmed Badawi, UNDP Egypt, 4 September 2010

of the local municipalities to: a) support participatory planning at the local level and b) channel citizens' feedback to inform 'upward' planning processes.

During 2004/5, the pilot phase of MISR, UNDP supported the governorates and *marakiz* in rural Upper Egypt to identify 10 villages (one in each of the 10 poorest *markaz* based on the results of the 2003 National Human Development Report) where MISR was to be piloted. UNDP worked through the Local Popular Councils (LPCs) to raise the awareness of local people about participatory planning and how it could help them to influence decisions that directly affect them. UNDP hired consultants from regional universities to mobilize and organize meetings, conduct workshops, and train and support local communities along with the local executive council to develop integrated village development plans. MISR also supported more systematic participation by establishing working groups by sector (water, education, health and others) at the village level in order to create opportunities for communities to deliberate, identify and provide input on sector priorities. Specific attention was also paid to involving women in planning processes and, according to UNDP project staff, women were able to influence priority setting and were instrumental in identifying bottlenecks in local service delivery (particularly in the education and health sector).

In total, 77 sector priority projects were identified during the pilot phase. UNDP earmarked approximately \$1 million for implementing the projects identified in the pilot participatory local development plans. The Government of Egypt also allocated EGP 10 million to the governorates to support decentralized participatory

planning. UNDP supported the capacity development of local elected councils and the local popular councils to implement the priority projects.

The initial MISR project document conceptualized supporting ‘social audits’ of the priority projects (post completion) by local civil society organizations to monitor and measure the quality and quantity of services delivered against identified key performance indicators. The social audits were supposed to serve as on-going monitoring and evaluation. Annual and bi-annual reporting on the indicators (which are based on the data series collected by UNDP, government and others on a nation-wide base) was expected to reveal the impact of the MISR-supported sector priority projects. However, this aspect of the project was not implemented in the pilot or subsequent phases of the project.

The first phase of the project also demonstrated the importance of allocating adequate resources to implementing participatory development plans. Therefore, in the second phase, the MISR attempted to address the centralized fiscal administration system to ensure that adequate resources were allocated for implementing village level priority projects. In the existing system, the governorates receive central funds that are in turn allocated to the next tier. If the plans of various tiers of administration are not coordinated and integrated, the village level project priorities might not receive the necessary funds. In order to ensure the smooth flow of funds and enhance fiscal transparency, and considering economies of scale, the second phase of MISR (2005-2007) focused on supporting activities at the *markaz* and governorate level. While

MISR did continue to support participatory planning at the village level, it focused more on integrating village plans into *markaz* plans and vision.

An additional 46 poorest *markaz* in 10 governorates were targeted in the second phase of the project. UNDP organized workshops for the heads of the participating *markaz* and the heads of directorates at the level of the governorate and *markaz* to develop their capacity in strategic planning methods and tools, to allocate tasks among various sections and levels of the local administration, develop a timetable for the implementation of the activities of the integrated development plans and review data availability, identifying missing information (including maps, statistics, etc).

By the end of 2006, it was hoped that the participating *markaz* would establish their profiles, visions and plans and implement priority projects. The *markaz* profile was supposed to include a development baseline (so that progress could be measured against this baseline) and three year targets. This approach - channeling the priorities of local communities into development planning from village, to *markaz* and finally to the governorate level - was appreciated by the participating *markaz*. It allowed them to develop plans that reflected the needs of the people and also allocate resources according to local priorities. Following this recognition by the participating *markaz*, UNDP was also requested to support bottom-up participatory planning processes in all 29 governorates and produce governorate development vision and plans.

The MISR project was able to achieve results at multiple levels²⁶⁵. The valuable lessons learnt from implementing this project should be taken into account before establishing sustainable participatory planning processes and improving service delivery at the local level. Overall, during the implementation phase, the project was able to enhance the participation of communities and local administrative units at different levels and various stages of developing and implementing service delivery initiatives. However, the high levels of participation of the various stakeholders achieved through this project were largely attributed to the human and financial resources invested by UNDP. This was primarily necessary because there were no strong intermediary organizations (local CBOs and CSOs) in the targeted areas that could mobilize citizens, liaise with local administrative staff, ensure continued dialogue between citizens and staff around the development plans, and support the implementation and monitoring of the completed projects. In addition, UNDP managed the funds allocated for implementing the priority projects and disbursed funds directly to the local elected councils. Given these enormous costs, UNDP did not directly support participatory planning processes after 2006 and there is no evidence to indicate whether the participatory planning processes have been successfully adopted and promoted by others at the local level since then.

MISR also focused on building the institutional capacity of the local administration and was successful in supporting an integrated decentralized planning approach. However, the local administrative bottlenecks and the enormous capacity

²⁶⁵ Rania Hedeya, interviewed by Ahmed Badawi, UNDP Egypt, 4 September 2010

needs of the local executive council needed to be addressed for the sustainable adoption of an integrated bottom-up planning approach²⁶⁶.

In the end, the biggest achievement of the MISR project was creating awareness of the importance of participatory local planning and how integrating citizens' feedback into the plans of all tiers of the local administration could create better coherence between different tiers and lead to effective planning and service delivery²⁶⁷. However, the project could not sustainably establish participatory planning and monitoring processes at the local level due to several interlinked factors. The project was successful in triggering a constructive debate on the state of decentralization in Egypt and the reform measures required to move the decentralization agenda. Therefore in late 2006, UNDP adopted a new strategy and began engaging the government to develop a comprehensive approach to decentralization which would more effectively deal with the issues identified in this project.

The sample list of projects reviewed above is by no means exhaustive. But it is intended only to provide an understanding of the evolution of the support to participatory mechanisms and the consequential support of decentralization initiatives and a review of some important initiatives and projects in this field.

Despite the focus of these projects on strengthening participatory mechanisms and approaches to development planning and implementation, their contributions to the strengthening of participatory politics and political decentralization has been

²⁶⁶ Rania Hedeya, interviewed by Ahmed Badawi, UNDP Egypt, 4 September 2010

²⁶⁷ Rania Hedeya, interviewed by Ahmed Badawi, UNDP Egypt, 4 September 2010

limited at best. In an Independent Evaluation Group paper on of the effectiveness of eight community based and community driven development projects supported by the World Bank in Egypt, from 1993 to 2006, the writers found that “...progress on parallel government decentralization has been very limited. It has been influenced by conflicting political pressures and incentives for maintaining the status quo... beyond some modest and narrow steps, Bank support for decentralization has been limited due to lack of ownership by government. Indeed, support for the status quo, while arguably beneficial for the poor in the short-term, has had negative implications for longer-term institutional efficiency and sustainability. The participatory projects reviewed do not appear to have made any significant institutional reform strides in the area of government decentralization and sustained public resource allocation efficiency and responsiveness at the local level. Bank operational staff are well aware of this but have found it difficult to make significant strides within the challenging political environment”²⁶⁸.

Conclusion:

A strong central government has always been characteristic of Egypt’s governance structure since the Pharaohs. This system has further been enforced over the course of history as foreign occupation and Egyptians alike altered and developed it to further control over the country. Reasons for strengthening the control of the center at the expense of the local structures has been attributed to many reasons including domestic peace, national security, lack of capacities and possible unrest.

²⁶⁸ World Bank Independent Evaluation Group, 2006, 4

Local administration structures have been created and demolished to support the policy and the priorities of ruling regimes, mostly at the detriment of local government and local politics. Like the Ministry of Municipal and Rural Affairs and its later version the Ministry of Local Administration and the more recent Ministry of Local Development, the task of reforming Egypt's local administration system continues until this day.

The limited decentralization, mainly involving the de-concentration of basic services such as sewage, sanitation, and local infrastructure has always been big with central government and their local arms. There is a pattern whereby only such limited functions have been entrusted to local government structures, in terms of the extent of devolution of powers, from the days of Khedive Ismail to Egypt's former Minister of Local Development, Mohamed Abdel Salam El Mahgoub. The most recent experiment was "decentralizing" functions for local development, renovation of the sanitation and sewage networks in Egypt's governorates to a tune of LE 3.65 billion financed by the Government of Egypt, through the Ministry of Local Development. The question that arises is that such experiences were mostly conducted during foreign occupation of Egypt, be it Ottoman or British, it is perhaps telling about prospects for participatory and representative local politics that it should occur today.

Despite various donor efforts in support of decentralization, it is clear from the literature that is neither simple nor straightforward and has been invoked by governments the world over for a multitude of reasons. The fact that there is no one universal or conventional definition for decentralization has not made the task of

analyzing and observing trends in local governance any simpler. However, it can be assumed that it is a process that involves administrative, fiscal and political change and transformation that invokes elements of power sharing, devolution of authority and power to more local levels, democratic participation and local representation and can encompass a range of sectors from health, education, planning and basic service delivery. Given the need to adhere to one working definition, I have chosen Mayfield's definition of political decentralization which is "greater local participation and the transfer of political power to locally elected councils who not only represent their local constituency but have the power and authority to hold local administrative officials accountable for the implementation of locally determined policies"²⁶⁹. Decentralization like transition to democracy has been experienced in waves throughout the world. Egypt's experience with decentralization, unlike democracy, has occurred at various junctures despite being quite limited in both scope and impact. Given its traditional centralized structures of government, regimes have only delegated and deconcentrated some functions and responsibilities from the center to the local levels without the adequate transfer of authorities, decision making powers or resources. Recent interest in decentralization in Egypt comes within what has been termed as the third wave of decentralization which "focuses on the fiscal devolution model of decentralization and is based largely on arguments that states need to be more market oriented"²⁷⁰. This approach is in line with Egypt's efforts to liberalize its economic structure with a more neo-liberal orientation that follows the prescriptions of the Washington Consensus outlined in Chapter II. Decentralization continues to be

²⁶⁹ Mayfield, 1996, 208

²⁷⁰ Lindaman and Thurmaier, 2002, 918

viewed as only an organizational process for improved service delivery to transfer authority from the center to the local levels without the consequent transfer of political powers and the introduction of democratic participatory politics at these levels and as such decentralization continues to be an exercise in local administration and not local governance per se. Various donor initiatives have had varying levels of successes in strengthening decentralized processes and participation at the local level. A range of reasons have been cited for this including lack of government commitment to enhance participation, maintenance of the status quo, deficiency in government and civil society capacities at the local level, lack of resources, the primary focus on upgrading infrastructure projects at the expense of institutional, human and participatory development and the un-sustainability of many of these interventions beyond the lifespan of the projects. Despite the government of Egypt's approach to economic liberalization in its approach to decentralization, as will be demonstrated in the case study, the openings of avenues of participation and democratization of local governance have been systematically obstructed by the state. This has been reflected in the various versions of the local administration laws from Nasser to Mubarak and the conduction of local elections or lack thereof. Even the most recent draft of the local administration law shows the rigid central state structure's attempt to maintain control over the local administration system. Despite some marginal gains in terms of fiscal and administrative decentralization and an opportunity for participatory politics at the local mainly confined to service delivery, the position of the Governor continues to be appointed by the central government. The government's focus continues to be on the market oriented approach to decentralization for improved service delivery. Yet

despite very minimal progress on the strengthening of participatory politics and political decentralization, donor countries continue to back efforts in decentralization, primarily the US through USAID. USAID provided approximately \$1 billion funding of projects supporting local government for the period from 1975 to 1995, which is approximately 90% of donor funding for local government projects in abovementioned time period²⁷¹, this has not led to any significant democratization of local government. The case study in the proceeding chapter will analyze in more detail how the US donor agenda in democracy promotion is adapted to the local context in the recipient country furthering neoliberal market reforms in decentralization without promoting or strengthening of participatory and democratic political processes.

²⁷¹ Mayfield, 1996, 341

CHAPTER IV

CASE STUDY: UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT FUNDED EGYPTIAN DECENTRALIZATION INITIATIVE

As noted in the previous chapters, Egypt's local politics and structure of governance remain highly undemocratic and centralized despite continued donor support to this sector. The local context has not made it easy for donor interventions in this strategic and highly politicized area. This chapter will focus on reviewing the activities of the USAID funded Egyptian Decentralization Initiative (EDI) towards achieving its stated objectives, arguing that the project is more focused on creating an enabling economic environment for decentralization and not the political or participatory measures required for strengthening participatory democratic governance at the local level. Based on this analysis, it appears that although the project is under democratic governance and designed to contribute to the strategic objective to strengthen governance, the project is more focused on the fiscal aspects of decentralization and the economics of local administration and not the strengthening of more democratic and participatory politics at the local level in support of decentralization. Given the difficulties to promote democracy in Egypt, the project did not face difficulties in supporting market-oriented reforms in the area of decentralization, despite not achieving its desired activities in terms of strengthening participatory politics.

USAID has been the leading donor in terms of financial support to democratic governance in Egypt, despite its official acknowledgement of the limited democratic

nature of the Egyptian state. Egypt which received an average of \$2 billion a year, since 1979, is the second largest recipient of aid from the United States after Israel. During the period from 1975 to 1995, USAID has also been the dominant source of funding of projects supporting local government in Egypt with a total amounting to \$ 1 billion. Despite the contributions of various donors including Japan, the UK and Canada, USAID has provided approximately 90% of funding for local government projects in that time period²⁷² . It is worthy to note that the vast majority of this aid goes to the military, which in recent years has received \$1.3 billion annually²⁷³ . In 2008, the U.S. Government provided \$415 million in economic assistance to the Arab Republic of Egypt, which includes \$55 million to support programs to promote democracy²⁷⁴ . The mission's funding for democracy and governance programs averaged \$24 million from fiscal years (FYs) 1999–2009 and its funding increased in 2004 by 97 percent, which was sustained from 2006 to 2008. Since 2004, USAID/Egypt's Office of Democracy and Governance has designed and awarded \$181 million in program activities that focus on rule of law and human rights, good governance, and civil society. As of September 30, 2008, USAID/Egypt had obligated \$143 million and expended \$85 million for these activities²⁷⁵ . In terms of support to local government and decentralization, USAID has invested more than \$800 million in local government and decentralization projects over the past 20 years in Egypt, despite the fact that “Egypt has been governed under a centralized system that has led to

²⁷² Mayfield, 1996, 341

²⁷³ Christian Science Monitor, US aid to Egypt: What does it buy?, <http://www.csmonitor.com/USA/Politics/DC-Decoder/2011/0215/US-aid-to-Egypt-What-does-it-buy>, accessed 17 March, 2011

²⁷⁴ USAID Office of Inspector General, 2009, 2

²⁷⁵ Ibid

limited democracy”²⁷⁶ . USAID/Egypt has used two types of instruments to manage and administer its democracy and governance activities: a bilateral agreement and a direct grants program through implementing programs in the three major areas of rule of law and human rights, good governance, and civil society programs²⁷⁷ .

EDI Background, Objectives and Activities:

The Egyptian Decentralization Initiative (EDI) is a five year (2006-2011), \$21 million program supporting the Government of Egypt (GOE) in national decentralization via bilateral agreement. EDI was designed jointly between the Government of Egypt through the Ministry of Local Development (MoLD) and the United States Agency for International Development (USAID) in 2005 to support local administration reform towards a more decentralized approach to governance. The project was later signed as an activity under Grant Agreement No. 263-294-01 on September 13, 2005 to fund the Strategic Objective “Initiative in Governance Strengthened”. The project is implemented by AECOM International Development.

The project’s objectives are as follows:

- Increased Egyptian financial resources available to local governments for responding to community priorities;
- Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources; and

²⁷⁶ Ibid

²⁷⁷ Ibid

- Strengthened administrative capacity and legal framework for local governments to effectively and transparently manage resources.²⁷⁸

The project was originally designed to work in six pilot governorates over two phases; three pilots each phase over three years with an overlap of one year. MoLD and USAID selected Beheira, Assiut, and Qena as the three pilot governorates, based on jointly developed criteria in 2006. However, the piloting of decentralization in the selected governorates was later brought to an end based on the decision of the Government of Egypt to roll out decentralization nationwide and an independent evaluation conducted by USAID²⁷⁹. As such instead of piloting, the EDI would strengthen its support to the MoLD and MoF to support the implementation of decentralization at a national level. The pilot phase ended in January 2010.

Since the beginning of the project in 2006, it has offered technical assistance, training, and policy support to the Ministry of Local Development (MoLD), local government structures and the Ministry of Finance in support of decentralization. The support provided has ranged from recruiting Egyptian and international experts, developing policy papers, research studies, conferences, and networking to debate the core issues affecting implementation of decentralization. According to USAID: “Since April 2006 the EDI project has been offering technical assistance, training and policy support to improve the effectiveness, transparency and accountability of local government in pilot governorates so they can respond to citizen priorities”. Following

²⁷⁸ USAID, EDI Progress Brief: April 2006 – 2011

²⁷⁹ USAID refused to share the entire evaluation report citing confidential and classified information relating to their program. A summary of the main findings was provided and is included in the Annexes.

the Government of Egypt's decision to implement decentralization across Egypt and an independent evaluation of EDI, the main activities for project objectives were as follows:

Objective No. 1: Increased Egyptian financial resources available to local government for responding to community priorities

Local Fiscal Reform

Complete a preliminary fiscal decentralization strategy as recommended by a special IMF mission to Egypt in 2009.

Continue technical support for ongoing operations of the permanent steering committee for fiscal decentralization (PCFD) within the MoF.

Support as necessary, implementation of the Prime Minister's (PM) decision to de-concentrate the local investment spending of nine central agencies.

Document the EDI approach and prepare recommendations to increase own-source revenue to facilitate nationwide application

Prepare recommendations for financial reporting systems using a program-budget basis at the local level.

Objective No. 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

Empowering Local Popular Councils

Continue to support MoLD in implementing devolution of the local development sector, announced in August 2009²⁸⁰.

Objective No. 3: Strengthened administrative capacity and legal framework for local government to effectively and transparently manage resources

280 According to the USAID progress report: "This includes technical assistance on participatory and coordinative mechanisms to be used in the local planning process, guidelines for LPC budget preparation, criteria for project selection to facilitate priority setting among proposed local development projects and capacity building".

Local Restructuring

Conduct a local restructuring study.

Prepare recommendations for decentralization of selected programs in the social solidarity sector.

Provide technical assistance for establishment of a local administration observatory for performance monitoring in Egypt.

Provide support as may be requested from MoLD or MoF in drafting legal amendments supporting decentralization.

Training, Advocacy and Public Awareness

Implement the decentralization advocacy and public awareness campaign approved by MoLD. Support for MoLD in revamping their website to provide an EDI project link.

Support MoLD efforts to (i) develop a National Capacity Enhancement Strategy (NCES) and (ii) conceptualize the proposed National Institute for Local Development.

Organization of a decentralization-oriented study tour for key personnel from MoLD and MoF.

Deliver a revised capacity building program on a nationwide basis to be agreed with MoLD.²⁸¹

EDI Case Study Analysis:

In analyzing the EDI project's objectives one can easily determine that they follow the conceptualization and recommendations of USAID's Democratic Decentralization Programming Handbook particularly in defining the project objectives to achieve "decentralization". According to the USAID handbook: "Decentralization can help advance a number of distinct objectives. From the

²⁸¹ USAID, EDI Progress Report April 2006 – 2011

standpoint of promoting stability, strengthening the subnational offices of national government agencies can help accommodate diverse local demands in a conflict-ridden environment. With a view toward democracy, devolving power can invest larger numbers of citizens as active participants in the political system, giving political opportunities at the subnational level to actors who do not typically wield much influence in national politics. In terms of economic development, more empowered local administrations and governments can enhance responsiveness to the range of citizen demands. *Considering these numerous objectives, decentralization can usefully be conceptualized as a reform that advances the exercise of political freedom and individual economic choice in a context of stability and the rule of law*²⁸².

Despite the above acknowledgement of the role of decentralization in furthering political participation and promoting stability, the bias towards economic development, much like wider American democracy promotion efforts, is explicit in USAID's general approach to decentralization and also reflected in the case of the EDI project in Egypt. It was demonstrated in an earlier chapter that historically at the heart of the American democracy assistance are the economic interests of the United States manifested primarily in the assumption that the only type of democracy that can exist is a free market democracy based on neo-liberal underpinnings. This assumption is further echoed in USAID recommendations on program formulation for decentralization. According to the USAID handbook: "Historically, the most commonly cited reason to decentralize is its purported impact on economic development. Subnational governments and administrations can promote the

²⁸² USAID's Democratic Decentralization Programming Handbook, June 2009, 1

conditions for investment and economic development in a number of dimensions, including public infrastructure investments, pro-growth regulatory and tax environments, human resource development, and public-private partnerships”²⁸³. (This claim is problematic in itself as it based on an assumption involving all decentralization initiatives that can easily be refuted by reading into the history of decentralization across the world. In the preceding chapter, it was explained the decentralization has been championed for a number of reasons including fighting corruption, strengthening state power in the periphery and acquiring legitimacy). According to a recent World Bank publication: “Countries decentralize or reform already decentralized systems in many different contexts. In some cases, as in the Philippines and Indonesia, they are responding to urgent political/economic crises that have brought about dramatic leadership changes and a perceived demand for drastic reform. In other cases, decentralization has been framed in terms of bolstering the legitimacy of the state and its presence throughout the national territory, as in Bolivia and Columbia, and/or challenging post-conflict situations such as Cambodia, Rwanda, and Uganda. A range of countries, including Brazil, South Africa, and Mexico, adopted decentralization as part of the transition from authoritarian to democratic rule”²⁸⁴. However, it should be noted that countries still resort to decentralization reforms for economic purposes or “a broader market transition or economic development strategy, as in China and Vietnam”²⁸⁵. One could argue that Egypt was

²⁸³ USAID’s Democratic Decentralization Programming Handbook, June 2009, 24

²⁸⁴ Eaton et al, 2010, 8

²⁸⁵ Ibid

resorting to a similar use of decentralization policies, particularly in so far as the EDI was concerned.

Decentralization was adopted by the former National Democratic Party (NDP) as part of its neo-liberal economic approach in governing Egypt. Much like the USAID approach to decentralization, Egypt's former ruling party used similar rhetoric that decentralization will strengthen participatory democratic practices and local government, former president Mubarak in his address during the first annual meeting of the NDP in 2003 claimed that: "there is a pressing need to study the best practices to push and effectively develop local administration to attract and train cadres and young local leaders that will contribute to the success the experiment of decentralized governance, rejuvenation of political work, and the consolidation of democratic practice"²⁸⁶ . This was echoed in front of both houses of parliament in 2003, when Mubarak stressed that: "the need to define and describe the role of government as an effective executive instrument, expand in decentralization, develop local administration, strengthen popular participation, and define the responsibilities of both state and citizen"²⁸⁷ . Mubarak also continued to claim support to decentralization in his campaign for president in 2005. This support for decentralization was also taken up by his son, Gamal, who some noted was being groomed to become the next president of Egypt. As mentioned earlier in this effort, the decentralization and local administration debate was one of the cases taken up by the former NDP and particularly the Secretary of the Policies Committee and former president of Egypt's

²⁸⁶ Mubarak quoted in Ghanem, 2008, 115

²⁸⁷ Ibid

son, Gamal Mubarak. It was clear that the reason for this was not to strengthen participatory politics at the local level, but despite democratic rhetoric it focused solely on improving service delivery and planning functions at the local level²⁸⁸ . Decentralization and the amendment of the local administration law were also significant aspects of the NDP's platform for the 2010 parliamentary elections. The use of decentralization to improving service delivery and planning functions at the local level was explicit in the NDP's statements as well, Alieldin Hilal, the former NDP's Secretary of Media Affairs, had said: "the general objective of the NDP is to raise the standard of living of the majority of citizens in terms of generating jobs and improving services"²⁸⁹ . The role of the NDP in the decentralization process was also emphasized by Dr. Lobna Abdellatif, the former National Decentralization Coordinator, advisor to the Minister of Local Development and member of the former NDP Policies Committee, who claimed that the "Egyptian government had began implementing decentralization based on the support and guidance of the NDP"²⁹⁰ . It is therefore not very surprising that Mubarak's neo-liberal Egypt and NDP would support and welcome decentralization efforts.

If according to the above claim that economic development was at the center of most decentralization initiatives, the EDI project did not constitute a significant departure from this history or American democracy promotion efforts in general by focusing primarily on the economic aspect of decentralization, an area that coincided

²⁸⁸ El Ahram, 30 January 2010, <http://www.ahram.org.eg/62/2010/01/30/27/5359.aspx>, accessed 16 April 2011

²⁸⁹ El Ahram, 30 January 2010, <http://www.ahram.org.eg/62/2010/01/30/27/5359.aspx>, accessed 18 April 2011

²⁹⁰ Abdellatif, 2011, 215

with official government and NDP policy despite the democratic lip service. This economic-centric approach towards democracy assistance is also reflected in the actual EDI implementation.

It is fairly clear from the abovementioned activities that the main focus of the project, by virtue of the focus of most activities and level of detail in documentation were focused on the fiscal decentralization and creating the necessary legal and administrative framework for local governance or as defined by the project objectives as follows:

- Increased Egyptian financial resources available to local government for responding to community priorities;
- Strengthened administrative capacity and legal framework for local government to effectively and transparently manage resources

The bias towards fiscal and administrative decentralization at the expense of enhancing participation were not only clear in project activities, but were also noted by the project evaluation. The independent mid-term evaluation of the project noted that the project had to strengthen the objective pertaining to “Enhanced participatory mechanisms to plan, allocate and monitor the use of resources”: “EDI should take advantage of its stature within the MOLD and recommend that additional project funding criteria be used by the governorate LPCs in addition to population and HDI. Keeping in mind the dual goals of divorcing patronage politics from project approval while strengthening LAU administration, the MOLD should require governorates to clearly specify project selection criteria to be used and insist that monitoring systems

be put in place to assess the participatory processes, transparency, accountability, equity and technical aspects of LAUs' proposed projects. EDI should work with the MOLD and MOF to incorporate the IDDP process into a standardized budgeting practice nationwide. Participatory budgeting is currently part of the draft LAL amendments but much can still be done through MOF or MOLD decrees such as the requirement to use simple budget forms that include approved minutes from public hearings during project identification and prioritization. Presently, local standards and benchmarks do not exist in Egypt that would enable the central government to systematically monitor and evaluate local performance, e.g., indicators for infrastructure services, health, education, land use planning, etc. EDI could assist in the development of these indicators and norms which will be critical for monitoring local performance, both during the initial phases of decentralization and on an ongoing basis thereafter. For example, EDI could provide training in monitoring and evaluation of local projects funded by the proposed World Bank lending program”²⁹¹ .

Upon further research and interviews conducted with the project management in late 2010, it was clear that they were faced with conceptual economic bias of the project and the standard political problems that have characterized challenges to implementing decentralization projects in Egypt. The first of which was political commitment, or lack thereof, in the case of Egypt, particularly in the establishment of a functioning participatory and democratic system of local governance. According to the findings of the Audit of USAID/Egypt's Democracy and Governance Activities conducted by USAID's Office of the Inspector General in October 2009,: “The

²⁹¹ Mid Term Evaluation Recommendation Highlights, USAID Egypt, 2010

mission acknowledges the restrictive political environment in which it operates. USAID/Egypt's Office of Democracy and Governance has achieved limited results for 13 judgmentally selected awards in the three program areas ... The Government of Egypt signed a bilateral agreement to support democracy and governance activities (page 5), but it has shown reluctance to support many of USAID's democracy and governance programs and has impeded implementers' activities"²⁹² . In an Independent Evaluation Group paper on the effectiveness of eight community based and community driven development projects supported by the World Bank in Egypt, from 1993 to 2006, the writers found that "...progress on parallel government decentralization has been very limited. It has been influenced by conflicting political pressures and incentives for maintaining the status quo... beyond some modest and narrow steps, Bank support for decentralization has been limited due to lack of ownership by government... Bank operational staff are well aware of this but have found it difficult to make significant strides within the challenging political environment"²⁹³ . According to Aladeen El Shawa, Local Development Expert with the United Nations Capital Development Fund who has supported various UNDP missions on decentralization in Egypt, "decentralization is primarily a political process and a political decision. Where there is constant jostling between the central and local government on what is perceived as the economic and the political. The case of Egypt where it is being attempted for the purpose of legitimacy through improving service delivery and to some extent local development at the local level,

²⁹² USAID Office of Inspector General, 2009, 1

²⁹³ World Bank Independent Evaluation Group, 2006, 4

while maintaining a strong relationship to the center similar in some aspects to China and Vietnam's approach to decentralization"²⁹⁴ .

The conscious political decision to adopt neo-liberal policies through decentralization and measures to support it is a particularly vital issue when considering that centrality of politics to decentralization. According to Eaton et al: "No matter what the official justification, decentralization is largely driven and continually shaped by politics and institutional dynamics. Politicians and public officials tend to cite lofty, normatively inspired, internationally advocated goals when they decide to decentralize, including the promotion of democracy, development, public security, and/or improved efficiency and equity in the delivery of government services. Yet other more immediate, narrowly political factors are often more centrally behind the decision to decentralize and the process of bringing decentralization to life. It is difficult, in fact, to imagine a more intensely political process than decentralization"²⁹⁵. Despite the highly political nature of the decentralization, the Government of Egypt did not support the inclusion and participation of its citizens in this process and underplayed the importance of any participatory components in the EDI.

When asked about the second project objective and how much money was allocated for "Objective No. 2: Enhanced participatory mechanisms to plan, allocate,

²⁹⁴ Aladeen El Shawa, interviewed by Ahmed Badawi, UNDP Egypt, 10 November 2010

²⁹⁵ Eaton et al, 2010, 1

and monitor the use of resources”²⁹⁶, Ernie Slingsby, Deputy Chief of Party for EDI, responded that the “project focused on contracts not budget lines. Components implemented were expected to deliver the entire objective...the project had already trained 8,700 individuals in 680 classes in July 2010 on the planning, financing and the monitoring of decentralization in addition to supporting the MoLD in training 12,000 other trainees. The rationale is to train people who will be either in LPCs or working with them in their capacity as citizens”²⁹⁷. The progress report shared by the EDI did not show any additional information to what was shared during the interview. According to the progress report, the only information on this component was as follows:

Objective No. 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

Empowering Local Popular Councils

Continue to support MoLD in implementing devolution of the local development sector, announced in August 2009. This includes technical assistance on participatory and coordinative mechanisms to be used in the local planning process, guidelines for LPC budget preparation, criteria for project selection to facilitate priority setting among proposed local development projects and capacity building²⁹⁸.

Despite including a range of public awareness activities to support the participatory aspects of the project, the EDI project’s attempts to strengthen

²⁹⁶ Prior to this interview USAID had refused to avail the detailed financial data regarding the project and only offered the total project award.

²⁹⁷ Rudy Runko and Ernie Slingsby, interviewed by Ahmed Badawi, EDI Premises, 16 November 2010

²⁹⁸ USAID, EDI Progress Brief: April 2006 – 2011

participation were confined to the training and capacity development activities and printing of user manuals as follows:

Training Programs and Participants from LECs and LPCs²⁹⁹

Date	Program	Number of Trainees	Local Executive Councils	Local Popular Councils
August 2009	Orientation for the Decentralization Implementation Manual	1,338	852	486
September 2009 – January 2010	Enhancement of soft skills/Capacities of Local Champions	1,043	512	531
March 2010	Planning, Financing and Monitoring for Decentralization	19,816	N/A	N/A
July – August 2010	Participatory Planning at the Local Level	12,725	N/A	N/A

This activity also included the publishing and printing of manuals to support the implementation of decentralization and the specifics of this activity. According to Abdellatif, 13 manuals on planning, financing and monitoring were developed to support the various functions responsibilities within the local administrative system and areas in Egypt³⁰⁰.

²⁹⁹ Abdellatif, Lobna. “Decentralization in Egypt: Progress to Date and the Way Forward”, Presentation , Decentralization Support Unit, Ministry of Local Development, Cairo, 5 December 2010

³⁰⁰ Abdellatif, 2011, 209,210

The following planned advocacy activities were included in the project progress report however were not yet implemented at the time of writing:

Implement the decentralization advocacy and public awareness campaign approved by MoLD. Planned activities will include design of advocacy and awareness approaches and materials; and nearly three dozen events including interactive workshops and conferences; forums; dissemination programs; and support for newsletters and other means for strengthening the internal capacity of MoLD in the sphere of advocacy and public awareness.

Support for MoLD in revamping their website to provide an EDI project link. The Project will support redesign of the MoLD website including creation of a decentralization link. EDI will make available up to sixty research documents, training materials, reports and other relevant documents to be selectively posted in the decentralization webpage³⁰¹.

However, the project evaluation showed that these activities were not implemented and recommended that advocacy activities take place. According to highlights of the recommendations shared by USAID, it was recommended that the project:

“Widen the circle of interest in and debate over decentralization and facilitate development of policy alternatives.

EDI should intensify efforts to broaden awareness of and information on decentralization among a wider, politically articulate public, maybe by partnering with a suitable independent organization. A possible model to emulate in this regard is the Egyptian Center for Economic Studies, which helped to develop constituencies for reform of economic policies through a combination of research, specialized publication, popular press editorials, seminars, conferences, and personal networking.”³⁰²

³⁰¹ USAID, EDI Progress Brief: April 2006 – 2011

³⁰² Mid Term Evaluation Recommendation Highlights, USAID Egypt, 2010

When inquiries were made regarding the advocacy component during the interviews conducted with the EDI management, the Deputy Chief of Party noted that: “MOLD is the client and we believe they have plans to expand public awareness in the long term plan. However, they were hesitant to expand before the approval of the Local Administration Law”³⁰³. This lack of public debate rings similar to the early decentralization efforts in Tanzania the 1970s, where McKinsey and Company restructured the local government system in the shape of a multinational corporation with centrally concentrated financial and technical decision making powers³⁰⁴. The decentralization process in essence meant that “the state was now moving its guns from Dar es Salaam to the villages”³⁰⁵. Not only was there little attempt to facilitate mass participation in the decision-making structures, there was “little dialogue between government staff and the people to find out what problems, potentials and needs actually existed before a project existed”³⁰⁶.

As demonstrated earlier, the political context in Egypt was challenging for democracy assistance and decentralization to say the least. When faced with the inquiry that the project had to work with the Local Popular Councils across Egypt, despite the fact that these elections were rife with fraud and the NDP ran uncontested candidates for 83% of the 52,000 seats³⁰⁷. Or in the words of Rudy Runko, Chief of Party of the Egyptian Decentralization Initiative, “the political commitment was

³⁰³ Rudy Runko and Ernie Slingsby, interviewed by Ahmed Badawi, EDI Premises, 16 November 2010

³⁰⁴ Slater, 1989, 514

³⁰⁵ Ibid

³⁰⁶ Slater, 1989, 514

³⁰⁷ UNDP POGAR, <http://www.pogar.org/countries/theme.aspx?cid=5&t=3#sub4>

slow”³⁰⁸. As noted earlier throughout this effort, this was not a novel claim and was understood fairly well by most development practitioners working in the field of democratic governance in Egypt.

However, one should note that the lack of focus on participation in USAID funded projects is not a novel factor. According to Mayfield: “There is a great deal of rhetoric about participation and the need for greater decentralization in most rural development programs being implemented today. Unfortunately, very few of these programs ever utilize a meaningful process of local participation. Inviting the members of governorate, town, or village councils to meet together for a couple of hours, once or twice, to consider various project options that will be funded, designed, and implemented by the central government, may be defined as ‘local participation’ – but such activities should more appropriately be called ‘pseudo participation’, structured to soothe project evaluators but hardly useful in institutionalizing long-term self operations and maintenance activities. Those who distinguish between the “hard” aspects (engineering) and the “soft” aspects (capacity-building) of a project generally see activities to encourage participation as “fuzzy and non-operational”. Being unable to measure “decentralization, capacity building or participation” in any quantitative measure way automatically relegates such activities to a lower level of scientific sophistication”³⁰⁹.

EDI’s impact on improving democratic governance was insignificant not only due to the inherent bias towards on economic activities for fiscal and administrative

³⁰⁸ Rudy Runko and Ernie Slingsby, interviewed by Ahmed Badawi, EDI Premises, 16 November 2010

³⁰⁹ Mayfield, 1996, 236

decentralization at the expense of increased participation on part of citizens, and a rigid political environment, but also because the project’s performance and inability to achieve its targets and activities as envisioned.

In the 2009 audit of its activities and performance, EDI’s performance indicators show that it barely achieved half (62.5%) of the set targets. According to the report methodology: “The performance indicators include a quantitative summary of the numbers of positive changes to legislation, professional people trained, and recipients such as local NGOs and civil society organizations assisted. Mission officials believe these performance indicators to be critical to the success of its projects for rule of law and human rights, good governance, and civil society programs”³¹⁰. The 2009 USAID Audit of Democracy and Governance programs in Egypt found that the EDI, which was the only program audited under the Good Governance component³¹¹, achieved only five out of eight performance indicators, set no targets for two indicators and did not achieve its target on one indicator³¹². Detailed performance and the description of each indicator can be found in the below table:

Planned vs. Actual Indicators for Fiscal Year 2008³¹³

Good Governance

³¹⁰ USAID Office of Inspector General, 2009, 8

³¹¹ USAID’s Office of the Inspector General’s audit focused on USAID/Egypt’s Democracy and Governance Program and reviewed three main components through their respective projects: 1)Rule of Law and Human Rights (Family Justice Project), 2)Good Governance (Egyptian Decentralization Initiative - EDI), 3)Civil Society (Media Development Program and Civil Society Direct Grants Program) (USAID Office of Inspector General, 2009, 9). Based on this organizational structure, it is safe to assume that any reference to Good Governance component is solely based on the audit findings of the EDI.

³¹² USAID Office of Inspector General, 2009, 8

³¹³ USAID Office of Inspector General, 2009, 43

Indicator	Target	Actual	Audit Assessment
Number of subnational government entities receiving U.S. Government assistance to increase their annual own-source revenues	104	55	Not Achieved
Number of subnational government entities receiving U.S. Government assistance to improve their performance	84	117	Achieved
Number of individuals who received U.S. Government-assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization	5427	4,471	Achieved
Number of women	666	646	Achieved
Number of men	4761	3825	Achieved
Number of laws or amendments promoting decentralization drafted with U.S. Government assistance	0	0	No Target
Number of people affiliated with NGOs receiving U.S. Government-supported anticorruption training	0	706	Achieved
Number of U.S. Government-supported anticorruption measures implemented	0	0	No Target

In terms of planned activities, the EDI was barely able to complete a third of the planned activities, the poorest performing amongst all of the programs assessed in the audit of democracy and governance programs by USAID in 2009, achieving only 32% of its activities. “Although the Egyptian Decentralization Initiative planned at least 22 activities, during FY 2008, the implementer completed only 7 activities and did not complete 15 activities. Under the first component, the implementer successfully assisted districts in enhancing automation systems in at least four service centers and in preparing an annual fiscal profile of governorate, district, and village revenues and expenditures to strengthen financial management capabilities. However, the project did not implement a collection fee system for public cleaning services in its six pilot districts because the decision to automate the system was delayed, and ultimately the scope was changed to allow the system to be developed only in the El Beheira governorate. Under the second component, the implementer successfully assisted in developing plans to allocate local revenues for six districts. Under the third component, the implementer achieved some results to help propose specific revisions to the current local administration law. However, the implementer was not successful in developing functional maps for key sectors showing decentralization opportunities because the Government of Egypt was hesitant to act”³¹⁴ .

USAID/Egypt’s Democracy and Governance Program Results for FY 2008
Activities³¹⁵

Democracy and Governance Program Component	Planned Activities	Achieved	Percentage Achieved
Rule of Law and Human Rights			

³¹⁴ USAID Office of Inspector General, 2009, 8

³¹⁵ USAID Office of Inspector General, 2009, 8

Family Justice Project	43	30	70%
Good Governance			
Egyptian Decentralization Initiative	22	7	32%
Civil Society			
Media Development Program	26	9	35%
Civil Society Direct Grants Program	91	73	80%
Total	182	119	65%

Based on the above findings it is not surprising that the EDI contributed to the overall finding that USAID/Egypt’s democracy and governance project had limited impact on strengthening democracy and governance in Egypt. From an implementation perspective, the project did not achieve its targets on intended performance indicators and implemented only a third of its activities. Of the performance indicators and targets that were achieved, we can clearly see that they were pertaining to improving performance of sub-national entities, training on management skills and fiscal management to strengthen local government/decentralization and training on anticorruption³¹⁶. It was unclear from this assessment which indicators contributed to “Objective No. 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources”, particularly when comparing the results of the performance indicators with the progress report and independent evaluation highlights. In terms of activities, there is a relatively more detailed yet extremely brief account of the contribution to the second objective which was: “the implementer successfully assisted in developing plans to allocate local revenues for six districts”³¹⁷.

³¹⁶ Ibid

³¹⁷ Ibid

As demonstrated earlier, the EDI project shifted its focus from the political or participatory aspects of decentralization, towards the fiscal and administrative forms of this process. This was attributed to various reasons some of which were beyond the project or intervention's control. However, the argument remains that this shift in focus was not coincidental but is characteristic of American democracy promotion in general and could have adverse effects in terms of policy making as it alters the issue of reform by focusing solely on the economic aspects of decentralization and market transitions while ignoring key elements such participation and the democratic processes that enable the citizen (who is supposedly the primary benefactor of these interventions) to have voice in governance and hold the officials accountable for their actions.

As demonstrated above EDI's activities and primary focus were on the two objectives pertaining to fiscal and administrative decentralization, which when applied cannot lead to "greater local participation and the transfer of political power to locally elected councils who not only represent their local constituency but have the power and authority to hold local administrative officials accountable for the implementation of locally determined policies"³¹⁸. This was further supported by the findings of USAID's audit of a number of programs on democratic governance including the EDI which found that: "Based on the programs reviewed, the impact of USAID/Egypt's democracy and governance activities was limited in strengthening democracy and governance in Egypt. Furthermore, in separate recently published reports, independent

³¹⁸ Mayfield, 1996, 208

nongovernmental organizations (NGOs) ranked Egypt unfavorably in indexes of media freedom, corruption, civil liberties, political rights, and democracy. Egypt's ranking in these indexes remained unchanged or declined for the past 2 years. The overall impact of USAID/Egypt's programs in democracy and governance was unnoticeable in indexes describing the country's democratic environment"³¹⁹ .

Despite not contributing to strengthening democratic governance, EDI's focus on administrative and fiscal decentralization is in accordance with the neo-liberalism at the heart of wider American democracy promotion in general. As demonstrated in earlier chapters, neo-liberalism plays an important role in the theoretical underpinning of American democracy assistance; decentralization although lauded as a democratic governance and political instrument is in fact quite economic. Despite the ambiguity that surrounds decentralization reforms until this very day and the multiplicity of international donors and governments throughout the developing and developed world that subscribe to this reform to alleviate various issues in governance, there is an economic rationale at the heart of this political concept and decision. Decentralization has been a prescription of the neo-liberal structural changes also known as the "Washington Consensus" that have been imposed on governments throughout the global South to "assist" them into transitioning to free-market economies. As noted by Kubal and Kerlin: " The so-called "Washington consensus" called for painful short-term stabilization measures – devaluation, high interest rates, cuts in government expenditures – as well as more sweeping and longer term structural reforms – privatization, decentralization, an end to protectionism, de-regulation of capital

³¹⁹ USAID Office of Inspector General, 2009, 5

markets, and increased foreign investment....Decentralization was often one of the structural reforms prescribed by neoliberal reform teams in both third and former second world countries. Given the pressure to achieve macroeconomic stability in order to maintain interest payments on foreign loans and to attract foreign investment, as well as the relative ease with which they could be implemented, stabilization measures – often termed “shock therapy” – generally preceded more complex and often contentious structural adjustment programs. Thus decentralization measures in specific policy areas such as education, housing, and health care often followed measures such as deregulation, elimination of consumer subsidies, and budget cuts on the neoliberal reform agenda”³²⁰ . According to the World Bank, in the aftermath of the 1980s debt crisis: “Decentralization is advisable for goods and services that are regional or local, rather than national, in character such as water supply and sanitation, transport and even some health and education services”³²¹ Following the logic of “state shrinking”, neo-liberal reformers under the assumptions that private enterprise and free markets are inherently more efficient than government bureaucracies, proceeded to hammer, and still do, that “where outright privatization was not possible, smaller, subnational bureaucracies would be more effective in many areas of service delivery than central governments (often referred to as the subsidiarity principle)”³²² .

Critical observers have been aware of the neo-liberalism at the heart of decentralization reforms ever since the World Bank has been offering decentralization as a solution to economic liberalization. According to Slater: “The view that the term

³²⁰ Kubal and Kerlin, 2002, 2

³²¹ World Bank, 1988, 9

³²² Kubal and Kerlin, 2002, 2

‘decentralization’ can be deployed as a mask, to cover quite different objectives, has been recently reasserted... since the 1970s ‘international technocracy’ has been sustaining ideas of decentralization through an interrelated series of schemes, such as the promotion of intermediate sized and small towns, integrated rural development, self-help housing and the championing of the ‘informal sector’. As far as the territorial organization of the state is concerned, the municipality is in the process of being resurrected, whilst central bureaucracy is being cast in the role of the key barrier to balanced development...in the United States and Western Europe, the idea of decentralization becomes as a mask for dismantling the welfare state. Whereas some specific functions of the state maybe decentralized to the local level, there is no equivalent decentralization of resources; on the contrary there is more concentration of wealth. The idea of decentralization is attractive; it can be seen as a way of breaking free the solidified blocks of a rigid central bureaucracy; it can be invoked as a crucial step towards a more sustainable pattern of social and economic development, and it can be linked to calls for more participation in the decision making process as a whole. However, it can also be a less than overt step on the way to increased privatization, deregulation and a rolling-back of many of the economic and particularly social functions of the state”³²³ . Looking back at the literature of the period, one can find various sources to substantiate the neo-liberal rhetoric. The 1988 World Bank Development Report is explicit when discussing the role of State Owned Enterprises (SOEs) and local governance: “State-owned enterprises (SOEs) were usually established either to decentralize some key public sector activities or to move others

³²³ Slater, 1989, 516

from the private sector to the public domain...In most countries, however, the achievements of SOEs have fallen short of what was hoped for. Their success has been hampered by a multiplicity of conflicting objectives and a lack of fiscal discipline.....*Finally, private sector involvement can often improve the efficiency of SOE operations and reduce their drain on fiscal resources. Because the barriers to full and rapid privatization are often daunting, intermediate solutions – such as subcontracting, leasing, or allowing private competition – are often more feasible*³²⁴ .

Reviewing what was shared of the EDI's planned activities and recommendations of the evaluation conducted in late 2009, it was clear that prioritizing activities relating fiscal and administrative decentralization were at the heart of the project. For fiscal decentralization or as defined by the first project objective as “Increased Egyptian financial resources available to local government for responding to community priorities”, the activities entailed including developing a fiscal decentralization strategy with the IMF, continuing to support the Ministry of Finance on fiscal decentralization, support the “deconcentration” of local investment and improve financial reporting systems and recommendations for own source revenue³²⁵. While in terms of activities administrative decentralization, the project activities included: conducting a local restructuring study, preparing recommendations for decentralization of selected programs in the social solidarity sector, providing technical assistance for establishment of a local administration observatory for

³²⁴ World Bank, 1988, 10

³²⁵ USAID, EDI Progress Brief: April 2006 – 2011

performance monitoring in Egypt and providing support as may be requested from MoLD or MoF in drafting legal amendments supporting decentralization.

Despite the relatively larger number of activities supporting fiscal and administrative decentralization in the project, the independent evaluation of the project further emphasized the importance of “prioritizing fiscal decentralization”. According to the evaluation:

- EDI should intensify efforts to assist the Ministry of Finance in reforming treasury, budget, accounting and audit policies through executive decrees (or, ideally, through amendments to law) that would facilitate decentralization of at least one government service in one governorate
- EDI should provide technical assistance to the MOF in support of IMF initiatives including, but not limited to, the Intergovernmental Fiscal Affairs Unit. Drawing largely from the IMF blueprint (which has the highest backing by the MOF), EDI should reestablish a relationship with the MOF to assess key fiscal issues such as expenditure and revenue assignments, transfer arrangements, equalization, and financing through borrowing”.³²⁶

Based on the above activities, it is striking to note that the support for own source revenue and decentralization of selected programs in the social solidarity sector, education, infrastructure and local development invoke the ideas raised earlier regarding the neo-liberal orthodoxy of the Washington Consensus how: “(decentralization) can also be a less than overt step on the way to increased privatization, deregulation and a rolling-back of many of the economic and particularly social functions of the state”³²⁷. Particularly regarding services whereby “decentralization measures in specific policy areas such as education, housing, and

³²⁶ Mid Term Evaluation Recommendation Highlights, USAID Egypt, 2010

³²⁷ Slater, 1989, 516

health care often followed measures such as deregulation, elimination of consumer subsidies, and budget cuts on the neoliberal reform agenda”³²⁸. The main achievement or “success” for the Government of Egypt’s decentralization of service delivery was in the education sector and the water supply and sanitation sectors. According to Abdellatif, the decentralization (devolution and deconcentration) of the education sector were piloted in 3 governorates Fayoum, Ismailia and Luxor, while local development and water supply and sanitation were not fully decentralized but piloted nationwide³²⁹. Both the health and education sectors have suffered greatly and the quality of their services eroded to decreasing government expenditure and privatization in line with neo-liberalism. Whether or not the “decentralization” of the abovementioned services will eventually lead to further reducing subsidies and government expenditure, or privatization has yet to be seen. However given the experiences of other countries with such “reforms” the impact can be devastating, particularly when considering the wider implications neo-liberalism has had on Egypt in terms of rising inflation, unemployment and poverty without the minimum requirements of political liberalization such as free and fair elections, transfer of power and accountability and transparency.

This neo-liberal bias at the heart of American democracy promotion and the EDI could have devastating effects on any prospects of realizing participatory democratic practices in Egypt, should Egypt’s government opt for a market oriented approach to economic reform without meaningful attempts to develop a participatory

³²⁸ Kubal and Kerlin, 2002, 2

³²⁹ Abdellatif, 2011, 204

democratic system. Neo-liberal market reforms have had devastating impacts on participatory democratic processes. Although there is not much research of these impacts on the Egyptian case or the wider Arab world particularly because there have been limited achievements in terms of democratic or participatory politics, the literature on Latin America provides us with some useful examples. In his detailed analysis of the transitions to democracy and free market reform in Mexico and Chile, Krutz notes powerful and crucial observations that are relevant to the Egyptian case of stalled democratic transition and ongoing marketization. He particularly notes that “the threat to meaningful democratic practice in economically liberal contexts hinges critically on failures of interest aggregation and political participation”³³⁰ . On the comparing the Mexican transition to democracy and free market politics to that of Chile, Krtuz notes that: “...free market policies in Mexico have produced similar patterns of atomization, disorganization, fragmentation and economic dependence that has rendered peasants vulnerable to the pressures of the governing party and (depending on location) its allies among the rural elite...the political monologue in the Mexican countryside is not entirely cemented by the absence of organization in civil society, but by the fact that much of the political space in rural areas is already occupied by organizations linked to a dominant neoliberal party (by the 1980s, the PRI). The presence of such groups creates incentive structures that, when combined with the severe collective action problems induced by marketization, permit little autonomous political organization or participation”³³¹ . In conclusion Krutz’s study on the impact of neoliberal economic reform in rural areas, we must note that

³³⁰ Krutz, 2004, 21

³³¹ Krutz, 2004, 17, 18

“marketization in agricultural settings induces the destruction of communities and long-standing patterns of residence, social fragmentation and severe economic differentiation, and economic dependence on local elites. The results are dramatic problems of collective action and interest fragmentation that vitiate the possibility of for meaningful political participation by peasants. Without historical stocks of social capital, community ties, institutional infrastructure (formal and informal), external supports (from e.g. labor activists, religious groups, or political parties), autonomous peasant political action in the face of economic dominance by neoliberal elites hovers between the irrational and the impossible³³²”.

The Egyptian Decentralization Initiative constitutes a clear example of neo-liberal economic reforms being implemented under the guise of strengthening democratic governance. However, even though neo-liberalism has been at the heart of American democracy assistance, the implementation of such a program could not have been possible if it were not for the neo-liberal policies being spearheaded in Egypt by the former NDP and the tacit support of the Egyptian government who was USAID’s main partner in this project. Despite serious difficulties in implementation of the project activities as demonstrated by the project audit it was clear that the evaluation supported the continuation of the project activities to support the Government of Egypt’s decision to implement decentralization nationwide. As explained in an earlier chapter, this is not necessarily surprising given the use of the Logical Framework Approach (LFA) and the Management for Results Framework (MFR) as tools for project management and evaluation that are not necessarily the most suitable for

³³² Ibid, 21

democratic governance interventions. Moreover, the focus of the project on the economic and administrative aspects of decentralization can only lead to a limited form of decentralization, which would not necessarily strengthen participatory or democratic governance at the local level. Indeed as the audit showed, the EDI amongst other projects did not contribute to strengthening democratic governance in Egypt. What is striking though is that despite the acknowledgement of USAID that after investing \$800 million in local government and decentralization programs in Egypt over the past 20 years it continued to be highly centralized state, yet it continues to support these activities. With the limited changes in terms of democratic governance and beyond the theoretical aspirations of decentralization and the official government rhetoric of enhancing participatory mechanisms and local democracy, the project did appear to be supporting fiscal and administrative decentralization thus furthering neo-liberal reforms. This market-oriented approach to decentralization has come at the expense of participatory governance in line with the government of Egypt's general approach to push these highly damaging economic policies without supporting the necessary political structures to ensure accountability, participation and the transfer of political power to citizens at the local level. Although it was clear throughout the implementation of the project and based on the projects under USAID democratic governance portfolio in general that democratic achievements would be limited if not non-existent, the project's implementation continued primarily focusing on market-oriented reforms for decentralization. This can be attributed to both the resistance of the Egyptian government to democratic reforms and the persistence of creating market economic structures at the heart of American democracy promotion.

CHAPTER V

CONCLUDING REMARKS

We need not drift to Genoa, Prague, Montreal, Seattle, Porto Allegra, Hong Kong, Davos, amongst other sites that have been etched in what appears to be a historical global battle in face of a forceful wave of market fundamentalism. The impact of neo-liberal market fundamentalism on Egyptian political structures has never been as explicit. The popular uprisings that have swept the Arab world, and particularly in Egypt and Tunisia, have been in part due to the dictates of neo-liberalism and absence of freedoms arguably necessary to advance such economic harsh realities on impoverished populations. In the case of Egypt, a popular uprising has come in response to the failure of the regime to address the political and socioeconomic aspirations of the citizens. These very aspirations have been the subject of various donor interventions to strengthen democratic governance and the government's ability to respond to citizen's needs through improved capacities for service delivery. The research problem at hand was the ability of donor countries to influence the domestic policies in recipient countries despite resistance in the recipient country. In the case of Egypt and the chosen case study, the aid in question had the objective of liberalizing both the economic and political structures of Egypt's local administration through supporting decentralization reforms. However, it was demonstrated that the regime was primarily against democratization while explicitly supporting economic market liberalization in line with neoliberalism. This situation did not result in the termination of the aid or the project despite not achieving the democratic governance objectives of strengthening participatory mechanisms and

democratizing the political landscape at the local level. This was possible primarily due to the regime's geostrategic importance for the security and economic interests of the US in addition to the centrality of market oriented policies at the heart of American democracy promotion which allow tolerating and supporting undemocratic allies as long as they do not deviate from the outlined course of neoliberal market economies and integration into the global market.

Despite no advances in terms of creating a democratic state, the US continued to support Mubarak for over 30 years, through millions in funding for democratic governance programs and supporting local government initiatives. As demonstrated in Chapter II, there are various factors that come into play for American democracy promotion including geopolitical and economic interests which may supersede the need for realizing democratic governance or creating participatory democracies should they obstruct American interests. As such critics of US democracy assistance have noticed the importance of creating free-market democracies and only free market democracies for US democracy promotion and foreign policy. For the US, this type of democracy is the optimal form conducive to its interests and dominant economic and political ideology of neoliberalism. As explained earlier in Chapter II, the brief yet general understanding is that “democratization is considered to be the necessary and natural product of submission to the rationality of the worldwide market. A simple equation is deduced from this form of logic: capitalism equals democracy, democracy equals capitalism”³³³.

³³³ Amin quoted in Gills and Rocamora, 1992, 503

Egypt under Mubarak was not liberalizing politically; it was doing so economically through the dictates of neoliberalism. As such, neoliberal economic reform was expected to replace or facilitate the transition to democracy upon completion of the free market economic model. Egypt although failing to achieve any form of participatory democratic governance, has been hailed as a great reformer on the neo-liberal economic front. According to the IMF country report issued on 10 February 2010: “Economic performance was better than expected... Growth fell only to 4.7 percent in FY2008/09 on the strength of consumption spending, and production in the construction, communications, and trade sectors. The first half of FY2009/10 provides further evidence of a pickup in growth and external demand. ...The government’s FY2009/10 fiscal deficit target of 8.4 percent of GDP is expected to be met on the strength of careful fiscal management. If revenues perform better than expected as a result of strengthening activity, it would be prudent to save these”³³⁴ . Prior to that in 2008, the World Bank lauded Egypt as an exemplary reformer in improving conditions to invest and further liberalizing its economy praising the NDP’s economic policies and announcing that “[in 2008] Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with substantial progress in 5 of the 10 areas studied by Doing Business, and the country greatly improved its position in the global rankings as a result”³³⁵ . The World Bank continued to praise Mubarak’s regime and the NDP’s neoliberal economic policy

³³⁴ IMF, 2010, 16 February, 2010, <http://www.imf.org/external/np/ms/2010/021610.htm> , accessed October 2010

³³⁵ World Bank, October 2007, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/EGYPTEXTN/0,,contentMDK:21547652~menuPK:287175~pagePK:2865066~piPK:2865079~theSitePK:256307,00.html> , accessed October 2010

further in 2009 as Egypt was showcased as being one of the top global reformers in four of the past seven years”³³⁶ . However, when examining Egypt in terms poverty, inequality, and a plethora of socioeconomic indicators such as health and education these economic performances and reforms failed to reach the majority of the Egyptian population. Political development or reforming the political landscape of the country conveniently happens to fall through the cracks when viewing Egyptian reform. Despite the rave reviews received from the World Bank and the IMF, economic performance indicators and neoliberal reports could not compete with the millions of Egyptians that took to the streets of Cairo in a series of protests and strikes to demand “bread, freedom and social justice” and end to Mubarak’s regime, succeeding in ousting Mubarak in the end.

American democracy assistance to Egypt cannot be viewed outside the neoliberal bias at the heart of American democracy promotion inception and the economic orientation of Mubarak’s regime and the NDP as demonstrated in Chapter II and III. Democracy assistance, albeit packaged under development aid cannot be viewed in isolation from US foreign policy and US economic interests. Although some observers and experts such as Carothers note: “just as there is talk at times of a separation between US foreign interests aid and US foreign policy, and the need to make foreign aid more strictly serve US policy goals, the relationship between democracy aid in a specific country and US policy toward that country is not always

³³⁶ World Bank, 9 September 2009, <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22301788~pagePK:64257043~piPK:437376~theSitePK:4607,00.html> , accessed 20 September 2009

simple”³³⁷ . The historical argument and examples of subordination of democracy assistance to US security and economic interests and the promotion of a specific type of democracy seem to suggest otherwise. Egypt, second only to Israel as a recipient of American aid, is by no means a democratic country. Yet it receives a significant share of total American aid and is considered a friendly moderate ally of the United States in the region. Egypt’s privileged position vis a vis the geostrategic interests of the US in the region, availed it the opportunity to selectively liberalize its economy while maintaining its authoritarian political structure intact as one of many cases where stability and security concerns in addition to economic interests have overshadowed the concerns raised by US democracy promotion. Despite proving difficult and frustrating at times for development practitioners in the field of democratic governance to demonstrate tangible evidence of democratization, US support for democracy assistance programs to Egypt continued.

When looking at the history of democracy assistance in Egypt and the limited political impact in comparison to the neoliberal economic context being superimposed on the majority of Egypt’s population, both the seminal works of Barry Gills and Joel Rocamora on “Low Intensity Democracy” and Robert Dahl’s and William Robinson’s theory of “Polyarchy” come to mind. Barry Gills defined Low Intensity Democracy (LID) as: “a political form not necessarily conducive to real economic progress for the majority. Low intensity has, however, emerged as a characteristic political form of the post-cold war era, in which formal electoral democracy is promoted, but the transformatory capacity of democracy is limited in order to facilitate neoliberal

³³⁷ Carothers, 2000, 187

economic policies”³³⁸ . “Polyarchy” according to Dahl and Robinson: “refers to a system of in which a small group actually rules and mass participation in decision-making is confined to leadership choice in elections carefully managed by competing elites”³³⁹ . Chapter II provided more than one explanation of this inherent bias at the heart of American democracy promotion and the wider implications it has held for strengthening participatory democracy across the world.

The operationalization of these concepts and their consequent application in terms of development projects is not always straight forward. However, it can be explained by democracy assistance projects and programs that aim to achieve economic objectives through allegedly supporting democratic and political development goals. A case in point is decentralization. As examined in Chapter III, decentralization, albeit a vague concept in the absolute sense of the term, has come to embody various forms of transferring power and authority from the center level of government to local levels. There are as many definitions amongst international development actors and organizations for the term as there are uses ranging from reducing corruption to solidifying state control and increasing market forces and liberalization of the services once provided by the welfare state. Like the other dictates of neoliberalism as embodied by the Washington Consensus, decentralization is an essence a political decision that can achieve both economic and political objectives.

Depending of course on the rationale behind decentralization, actors involved will attempt to define, justify and explain this rationale. Given that we are

³³⁸ Gills, 2000, 326

³³⁹ Robinson, 2000, 310

reviewing democracy assistance and the support provided to enhance governance at the local through decentralization, the working definition chosen for political decentralization is defined as “greater local participation and the transfer of political power to locally elected councils who not only represent their local constituency but have the power and authority to hold local administrative officials accountable for the implementation of locally determined policies”³⁴⁰.

Given this definition and the historical evolution of local government and decentralization in Egypt as demonstrated in Chapter IV, I came to the conclusion that a strong central government has always been characteristic of Egypt’s governance structure since the Pharaohs. This system has further been enforced over the course of history as foreign occupation and Egyptians alike altered and developed it to further control over the country. Reasons for strengthening the control of the center at the expense of the local structures has been attributed to many reasons including domestic peace, national security, lack of capacities and possible unrest. Local administration structures have been created and demolished to support the policy and the priorities of ruling regimes, mostly at the detriment of local government and local participatory politics. Like the Ministry of Municipal and Rural Affairs and its later version the Ministry of Local Administration and the more recent Ministry of Local Development, the task of reforming Egypt’s local administration system continues until this day. The limited decentralization, mainly involving the de-concentration of basic services such as sewage, sanitation, and local infrastructure has always been big with central government and their local arms. There is a pattern whereby only such limited

³⁴⁰ Mayfield, 1996, 208

functions have been entrusted to local government structures, in terms of the extent of devolution of powers, from the days of Khedive Ismail to Egypt's former Minister of Local Development, Mohamed Abdel Salam El Mahgoub. The most recent experiment was "decentralizing" functions for local development, renovation of the sanitation and sewage networks in Egypt's governorates to a tune of LE 3.65 billion financed by the Government of Egypt, through the Ministry of Local Development. The question that arises is that such experiences were mostly conducted during foreign occupation of Egypt, be it Ottoman or British, it is perhaps telling about prospects for participatory and representative local politics in Egypt.

In terms of development support to decentralization and strengthening local governance, achievements have been slim. Despite the focus of projects on strengthening participatory mechanisms and approaches to development planning and implementation, their contributions to the strengthening of participatory politics and political decentralization has been limited at best. In an Independent Evaluation Group paper on the effectiveness of eight community based and community driven development projects supported by the World Bank in Egypt, from 1993 to 2006, the writers found that "...progress on parallel government decentralization has been very limited. It has been influenced by conflicting political pressures and incentives for maintaining the status quo... beyond some modest and narrow steps, Bank support for decentralization has been limited due to lack of ownership by government. Indeed, support for the status quo, while arguably beneficial for the poor in the short-term, has had negative implications for longer-term institutional efficiency and sustainability. The participatory projects reviewed do not appear to have made any significant

institutional reform strides in the area of government decentralization and sustained public resource allocation efficiency and responsiveness at the local level. Bank operational staff are well aware of this but have found it difficult to make significant strides within the challenging political environment”³⁴¹ .

However, despite a wide range of projects funded by a variety of donors supporting increased local participation and strengthening participatory mechanisms, such programs have not in fact strengthened decentralization or local participation in decentralized processes beyond the duration of the projects. From the experiences reviewed, I identified a number of factors that are symptomatic of various donor interventions, such as lack of government commitment, sustainability beyond the duration of projects, weak local capacities, absence of necessary resources and the weakness or absence of underpinning institutional and policy mechanisms and frameworks to move forward with an effective decentralization agenda. Given this background on both decentralization in development in general and the prospects for realizing political decentralization defined as “greater local participation and the transfer of political power to locally elected councils who not only represent their local constituency but have the power and authority to hold local administrative officials accountable for the implementation of locally determined policies”³⁴² appeared to be formidable tasks that would require increased support.

The case study was thus chosen to meet the criteria outlined throughout this work and respond to the research problem of the ability of aid donor to address to

³⁴¹ World Bank Independent Evaluation Group, 2006, 4

³⁴² Mayfield, 1996, 208)

influence donor recipient policies despite resistance from the recipient country. This thesis reviewed namely a form of American democracy assistance in Egypt. The objective of this aid is to enhance local governance (an area requiring further democratization and supported by the international donor community and particularly USAID) and specifically strengthen decentralization in line with the chosen working definition. The Egyptian Decentralization Initiative (EDI) is a five year (2006-2011), \$21 million program supporting the Government of Egypt (GOE) in national decentralization via bilateral agreement. EDI was designed jointly between the Government of Egypt through the Ministry of Local Development (MoLD) and the United States Agency for International Development (USAID) in 2005 to support local administration reform towards a more decentralized approach to governance. The project was later signed as an activity under Grant Agreement No. 263-294-01 on September 13, 2005 to fund the Strategic Objective “Initiative in Governance Strengthened”. The project is implemented by AECOM International Development. The project’s objectives are as follows: Increased Egyptian financial resources available to local governments for responding to community priorities; Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources; and Strengthened administrative capacity and legal framework for local governments to effectively and transparently manage resources³⁴³.

Upon a detailed review of the project’s achievements and history, the Egyptian Decentralization Initiative constituted a clear example of neo-liberal economic reforms being implemented under the guise of strengthening democratic governance. However,

³⁴³ USAID, EDI Progress Brief: April 2006 – 2011

even though neo-liberalism has been at the heart of American democracy assistance, the implementation of such a program could not have been possible if it were not for the neo-liberal policies being spearheaded in Egypt by the former NDP and the tacit support of the Egyptian government who was USAID's main partner in this project. Despite serious difficulties in implementation of the project activities as demonstrated by the project audit it was clear that the evaluation supported the continuation of the project activities to support the Government of Egypt's decision to implement decentralization nationwide. As explained in an earlier chapter, this is not surprising given the use of the Logical Framework Approach (LFA) and the Management for Results Framework (MFR) as tools for project management and evaluation that are not necessarily the most suitable for democratic governance interventions. Moreover, the focus of the project on the economic and administrative aspects of decentralization can only lead to a limited form of decentralization, which would not necessarily strengthen participatory or democratic governance at the local level. Indeed as the audit showed, the EDI amongst other projects did not contribute to strengthening democratic governance in Egypt. What is striking though is that despite the acknowledgement of USAID that after investing \$800 million in local government and decentralization programs in Egypt over the past 20 years it continued to be highly centralized state, yet it continues to support these activities. With the limited changes in terms of democratic governance and beyond the theoretical aspirations of decentralization and the official government rhetoric of enhancing participatory mechanisms and local democracy, the project did appear to be supporting fiscal and administrative decentralization thus increasing neo-liberal policymaking at the expense of

participatory governance. Despite not achieving its democratic governance objectives, the project did not conflict, at least in terms of economic liberalization through fiscal and administrative decentralization, with the government of Egypt's approach to push these highly damaging economic policies without supporting the necessary political landscape to ensure representation, accountability, participation and the transfer of political power to citizens at the local level.

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APPENDICES

Appendix I:

USAID Egypt, Egyptian Decentralization Initiative Progress Report

Egyptian Decentralization Initiative - EDI

April 2006 - 2011

Preface:

In light of placing decentralization of government on the political map in Egypt as a medium- to long-term goal, the Government of the Arab Republic of Egypt (GoE) and the Government of the United States of America acting through the United States Agency for International Development (USAID) signed the Grant Agreement No. 263-294-01 on September 13, 2005 to fund the Strategic Objective “Initiative in Governance Strengthened”. One of the activities funded under this Strategic Objective is the “Egyptian Decentralization Initiative” (EDI). This project was jointly designed between USAID and the Ministry of State for Local Development in 2005 to support the Government of Egypt’s plans to reform local administration toward a more decentralized model of governance. All activities contemplated herein shall be within the parameters of the Strategic Objective described above, and all USAID assistance provided hereby shall be within the scope of the EDI agreement funded by USAID. No activities provided by EDI will contravene the terms of the agreement between USAID and its project implementer, AECOM International Development. The project’s objectives are:

- Increased Egyptian financial resources available to local governments for responding to community priorities;
- Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources; and

- Strengthened administrative capacity and legal framework for local governments to effectively and transparently manage resources.

At the national level, EDI works closely with MoLD to build consensus on an Egyptian vision and plans for decentralization. Through its strong cadre of Egyptian and international experts, EDI has been working with MoLD in developing policy papers, research studies, conferences, and networking to debate the core issues affecting implementation of decentralization in the country and to help raising public awareness of what decentralization is and why it is important for Egypt.

At the local level, EDI helped bring communities together to prioritize and address their development needs. Additionally, EDI helped the pilot local communities to enhance their local revenue through the use of innovative fees and charges and collection strategies. EDI helped also those pilot communities to prioritize their development needs, plan together to satisfy those needs, fund and implement those plans in a participatory manner.

The original design for EDI was to work in a total of six pilot governorates over two phases; three pilots each phase over three years with an overlap of one year. MoLD and USAID selected the first three pilots in 2006, Beheira, Assiut, and Qena, based on the criteria that were jointly developed. Based on the GoE's decision in 2009 to implement decentralization nationwide within the Local Development Sector, and based on USAID's independent evaluation of EDI in December 2009, the Project finalized activities in the three pilot governorates and is currently intensifying efforts to provide direct technical assistance to the Ministry of Local Development (MoLD) and the Ministry of Finance (MoF) as described below.

Objective No. 1: Increased Egyptian financial resources available to local government for responding to community priorities

Local Fiscal Reform

Complete a preliminary fiscal decentralization strategy as recommended by a special IMF mission to Egypt in 2009. Working with the Ministry of Finance and Ministry of Local Development (MoLD), international consultants and EDI advisors are preparing a strategy for the next five years for the basic fiscal reforms needed to support de-concentration and devolution of programs as part of the national decentralization plan. This initial phase of the strategy will establish the basic building blocks for decentralization including reform of the intergovernmental budget structure and expenditure reassignment.

Continue technical support for ongoing operations of the permanent steering committee for fiscal decentralization (PCFD) within the MoF. PCFD was established February 2010, as a result of EDI's technical support to the MoF. This nascent body, which should be the precursor to an intergovernmental fiscal relations department within the Ministry, is charged with several concrete responsibilities requiring significant initial external support. The Project is providing technical assistance and is working to organize staff training including an international study tour. Momentum resulting from the effort on the fiscal decentralization strategy contributed to the establishment of the PCFD fully *three months ahead of schedule* as proposed by the International Monetary Fund last year.

The current plan is to organize the work of the PCFD into four subcommittees, each of which will be tasked with implementation of one or more specific elements of the overall PCFD mandate. EDI will support the MoF with technical assistance in the fulfillment of these tasks through the end of the Project task order.

Support as necessary, implementation of the Prime Minister's (PM) decision to de-concentrate the local investment spending of nine central agencies. The decision of the PM followed a recommendation from the Minister of Finance. Initial two workshops organized by EDI on "Allocating Government Investments at the Local Level" will likely be augmented by additional technical assistance and/or training as may be required. The documents supporting this decision are general and provide little guidance as to how it should be implemented.

Document the EDI approach and prepare recommendations to increase own-source revenue to facilitate nationwide application. These activities will culminate with several deliverables including a (i) glossary on financial terminology; (ii) a guide to increasing own-source revenue and options for optimizing local retention; (iii) documentation on enhancing the financial systems of local projects; and (iv) guidelines for preparation of LPC budgets. EDI technical assistance and physical work on own-source revenue generating projects in Beheira Governorate (GIS for utility data center, and improvements at a bottled gas plant) and Qena Governorate (automation of parking lots) will be completed and likewise documented. The intention is to enable the EDI pilot project experience in phase I to be generalized nationwide to the extent feasible.

Prepare recommendations for financial reporting systems using a program-budget basis at the local level. This is an extension of earlier EDI phase I activities on financial reporting systems and will be documented, and recommendations prepared in the form of a guide suitable for nationwide consideration.

Objective No. 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

Empowering Local Popular Councils

Continue to support MoLD in implementing devolution of the local development sector, announced in August 2009. This includes technical assistance on participatory and coordinative mechanisms to be used in the local planning process, guidelines for LPC budget preparation, criteria for project selection to facilitate priority setting among proposed local development projects and capacity building.

Objective No. 3: Strengthened administrative capacity and legal framework for local government to effectively and transparently manage resources

Local Restructuring

Conduct a local restructuring study. This activity will develop recommendations for restructuring local administration systems. It will involve institutional and organizational baseline assessments of line ministry directorates operating at the local level; and horizontal and vertical relationships between institutions. Initially the baseline aspect of the work will focus on local administration in the agriculture, health and social solidarity sectors with subsequent expansion to remaining sectors as time and resources may permit.

Prepare recommendations for decentralization of selected programs in the social solidarity sector. Subject to agreement between MoLD/DSU and MoSS, this would include a review of international experience relative to decentralization of this sector in other nations and analysis of the issues involved with decentralization of subsidy and poverty reduction programs in Egypt.

Provide technical assistance for establishment of a local administration observatory for performance monitoring in Egypt. This work will produce a report on comparable international practice, a concept note on the mission, objectives, functions, staffing, etc., of the observatory and the prerequisite legal and institutional arrangements. Parallel to this effort, the Project will issue an RFP to develop a software application supporting the functions of the observatory.

Provide support as may be requested from MoLD or MoF in drafting legal amendments supporting decentralization. This could involve preparation of any related complimentary documents, laws, regulations, instructions, etc.

Training, Advocacy and Public Awareness

Implement the decentralization advocacy and public awareness campaign approved by MoLD. Planned activities will include design of advocacy and awareness approaches and materials; and nearly three dozen events including interactive workshops and conferences; forums; dissemination programs; and support for newsletters and other means for strengthening the internal capacity of MoLD in the sphere of advocacy and public awareness.

Support for MoLD in revamping their website to provide an EDI project link. The Project will support redesign of the MoLD website including creation of a decentralization link. EDI will make available up to sixty research documents, training materials, reports and other relevant documents to be selectively posted in the decentralization webpage.

Support MoLD efforts to (i) develop a National Capacity Enhancement Strategy (NCES) and (ii) conceptualize the proposed National Institute for Local Development. This crosscutting activity supports all project objectives. It includes completion of an assessment of the capacities of the Saqqara Center for Local Development and the design, testing and application of a number of training modules to be delivered nationwide. An international consultant will be retained to assist MoLD in preparation of a five-year plan to build capacity of local administration personnel.

Organization of a decentralization-oriented study tour for key personnel from MoLD and MoF. The tour will be organized to visit venues of special relevance to the interests of MoLD and MoF with respect to institutional and structural relationships between central agencies and local administration, institutions with comparable responsibilities to MoLD and the proposed local development observatory, and models for capacity building at the national and local levels. In addition, tour participants will explore the scope of fiscal decentralization in the host country.

Deliver a revised capacity building program on a nationwide basis to be agreed with MoLD. The essential elements will include EDI preparation of training materials, a train-the-trainer component and training deliverability on a nationwide scale (with EDI bearing only the cost of the trainers in the field). The scope of the EDI commitment

here will be constrained within the existing project budget and time remaining to the end of the task order.

Appendix II

USAID Egypt - EDI Independent Midterm Evaluation Highlights

The Egyptian Decentralization Initiative (EDI) is a five year (2006-2011), \$21 million program supporting the Government of Egypt (GOE) in critical areas of national decentralization. Since April 2006 the EDI project has been offering technical assistance, training and policy support to improve the effectiveness, transparency and accountability of local government in pilot governorates so they can respond to citizen priorities. The project's objectives are: (1) increased Egyptian financial resources available to local governments for responding to community priorities; (2) enhanced participatory mechanisms to plan, allocate, and monitor the use of resources; and (3) strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently. The project began in three pilot governorates: Beheira, Qena and Assuit. In April 2009 USAID agreed that EDI would work in the then three newly selected GOE national pilot governorates: Fayoum, Ismailia and Luxor. Then in August 2009 the GOE made the unexpected decision to implement decentralization nation-wide through specific programs within the authority of the Ministry of Local Development. With that development, the term "national pilot" was no longer operative. EDI stopped work begun in the new pilots and continues to work in the original pilots. At this time there is no scheduled continuation of work in these pilots. All three EDI offices at the governorate level are scheduled to close by the end of January 2010.

Mid Term Evaluation Recommendation Highlights

1. Tie assistance to policy benchmarks.

The evaluation team urges USAID to consider establishing benchmarks of policy change to which it can refer when determining what, if any, EDI resources should be programmed. One benchmark could be tangible progress toward amendment of the existing legal context for MOF's operations. Others might include steps toward establishing a professional career structure for local government employees and steps

taken to empower LPCs to employ and manage these employees. The identification of benchmarks should be the subject of policy dialogue at senior levels.

2. Widen the circle of interest in and debate over decentralization and facilitate development of policy alternatives.

EDI should intensify efforts to broaden awareness of and information on decentralization among a wider, politically articulate public, maybe by partnering with a suitable independent organization. A possible model to emulate in this regard is the Egyptian Center for Economic Studies, which helped to develop constituencies for reform of economic policies through a combination of research, specialized publication, popular press editorials, seminars, conferences, and personal networking.

3. Reprogram remaining funds from pilot to national activities and support to a range of ministries in their efforts to decentralize.

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Allow all activities in the three pilots in Beheira, Assuit and Qena to end as scheduled. This recommendation is grounded on a critical distinction between the function of local pilots and monitoring and evaluation at the local level recommended below. The primary purpose of the pilots was to seek to demonstrate the benefits of decentralization to decision makers in the hopes of inducing them to decentralize. The purpose of monitoring and evaluating at the local level would be to provide feedback to decision makers about the impacts of decentralization measures they have already taken. The former has little justification both because the key decision makers have little if any awareness of the pilot activities and because the GOE has announced its intention to have a nation-wide rollout of decentralization. The latter is a critical input into effective implementation.

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The current high profiling of decentralization provides an opportunity for USAID/EDI to engage in policy dialogue. EDI should engage more directly with ministries targeted for decentralization. It might do so in conjunction with other USAID projects involved with those ministries; through the MOLD and/or the inter-ministerial committee for decentralization; and/or at the level of governorates, as line ministries, such as that of education, deconcentrate at least some of their personnel management and other administrative functions down to that level.

4. Support implementation of decentralization policies, e.g., rollout activities, monitoring and evaluation, and training

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When the GOE announced the nation-wide decentralization drive within the local development sector in August 2009, EDI worked hand in glove with MOLD staff to prepare in record time a 160-page reference manual. EDI should take advantage of its stature within the MOLD and recommend that additional project funding criteria be used by the governorate LPCs in addition to population and HDI. Keeping in mind the dual goals of divorcing patronage politics from project approval while strengthening LAU administration, the MOLD should require governorates to clearly specify project selection criteria to be used and insist that monitoring systems be put in place to assess the participatory processes, transparency, accountability, equity and technical aspects of LAUs' proposed projects.

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EDI should work with the MOLD and MOF to incorporate the IDDP process into a standardized budgeting practice nationwide. Participatory budgeting is currently part of the draft LAL amendments but much can still be done through MOF or MOLD decrees such as the requirement to use simple budget forms that include approved minutes from public hearings during project identification and prioritization. Presently, local standards and benchmarks do not exist in Egypt that would enable the central government to systematically monitor and evaluate local performance, e.g., indicators for infrastructure services, health, education, land use planning, etc. EDI could assist in the development of these indicators and norms which will be critical for monitoring local performance, both during the initial phases of decentralization and on an on-going basis thereafter. For example, EDI could provide training in monitoring and evaluation of local projects funded by the proposed World Bank lending program.

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5. Prioritize fiscal decentralization.

EDI should intensify efforts to assist the Ministry of Finance in reforming treasury, budget, accounting and audit policies through executive decrees (or, ideally, through amendments to law) that would facilitate decentralization of at least one government service in one governorate

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EDI should provide technical assistance to the MOF in support of IMF initiatives including, but not limited to, the Intergovernmental Fiscal Affairs Unit. Drawing largely from the IMF blueprint (which has the highest backing by the MOF), EDI should reestablish a relationship with the MOF to assess key fiscal issues such as expenditure and revenue assignments, transfer arrangements, equalization, and financing through borrowing.

Conclusion The ground has shifted rapidly under the EDI project. As designed, it is not a close fit with what the GOE is now doing. A reconfiguration of the project along the lines suggested in the recommendations is therefore urgent. The key question now is whether EDI can build on its experience in project pilot areas as well as at the national level and shift financial and human resources to position itself to make the kind of contribution to policy formation and implementation of decentralization on the national level envisaged in the recommendations. EDI has demonstrated already its capacity to adapt to a dynamic decentralization environment. As a result, project staff has entrée to and is respected by technical counterparts in the ministries central to decentralization efforts, the MOLD, MOF and MOED. The evaluation team is therefore optimistic that it can step into a new role.