Development and Good Governance in Egypt

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The state was able to provide Egyptians with growth without equality, education without inspiration, employment without security, health services without care and voting without any real impact on political processes (Ibrahim, 2011:1374).

Following the end of the Cold War and the ideological triumph of democracy and free market capitalism, donor priorities and objectives began to shift. Moving beyond the economic and highlighting the centrality of democracy and governance to the proper development of the state, New Institutional Economics (NIE) emerged, and the 1989 World Development Report (WDR) suggested that governance, i.e. "the exercise of political power to manage a nation's affairs" (WDR 1989), should be a central notion of development. As such, in its ideal form, what later became known as the good governance agenda[1] was meant to instill greater transparency, accountability, representation, and justice in developing countries – incorporating the political into the economic through the adaptation of the post-Washington Consensus. However, 25 years later, many have questioned the "politics of good." There have been a variety of strong cases demonstrating the degree to which good governance and its key component, decentralization,[2] were pursued not for democratic purposes but for political and economic gain, leading to an increasingly marginalized and volatile citizenry (Tadros, 2012; Tagma et. al 2013; Craig and Porter, 2006; Gills and Rocamora, 1999).

Under this interpretation, I will look specifically at the effects of decentralization on the relationship between the state and non-state actors and how this has limited democracy in Egypt. In doing so, I rely heavily on the 1997 World Development Report as a foundational element of this approach. I present two forms of democracy: *structural democracy,* through which the "rules of the game"[3] or institutions are established, and *liberal democracy*, that is, the extent to which government is able to ensure freedom of expression, equality, and access to basic needs.

Despite having established a structural democracy within the Egyptian context, I argue that the implementation of the good governance agenda and decentralization has had little effect on the equality and representation of the majority of citizen, further enabling economic expansionism in Egypt while marginalizing vulnerable populations and generating a "democratic deficit" (Sending and Neumann, 2006:655). I suggest that this is a direct result of the Westernized, NIE approach to decentralization, using the United States Agency for International Development's (USAID) Egyptian Decentralization Initiative (EDI) as an example. I conclude by reflecting on the effects this has had on the ability of the Egyptian state to effectively administer bread, freedom, and social justice following the 2011 revolutions and the implications this may have on the future of the country.

Good Governance and Decentralization

Good governance consists of three main components: promotion of economic opportunity, enhancement of social and economic security, and empowerment through innovative governance and localized delivery of goods (Bergh, 2012: 310). Specifically, exemplified the Weberianized bi-polarization of the world, good governance was considered to be the answer to "bad governance," often typified by authoritarian states through the "personalization of power, lack of human rights, endemic corruption, and un-elected and unaccountable governments" (Boas, 1998 via Weiss,

2000:801). Without an effective state, the World Bank notes, “sustainable development is impossible” (World Bank, 1997:iii).

State effectiveness is to be achieved through facilitation, leveraging NIE through the establishment of strong regulatory institutions, and the disbursement of responsibilities by partnering with non-state actors and civil society (World Bank, 1997:6). In doing so, political, administrative, and fiscal functions were often devolved to local government while regulatory, policy, and service delivery functions were devolved to NGOs, private firms, and other non-state actors (Craig and Porter, 2006:96). The shift in policy was accompanied by a push to reconsider funding strategies as well. In this respect, USAID moved beyond traditional north-south donor flows and began to directly fund aid to local governments and organizations worldwide.

Within this context, Egypt has remained central to the implementation of good governance within the Middle East and North Africa (MENA) region since the early 1990s.[4] For donors, Egypt epitomizes decentralization on a grand scale (Snider and Faris, 2011). By using Egypt as a case study, one can critically examine the effects of both vertical and horizontal decentralization on democracy.[5] This essay will note that as a result, local government apparatuses were poorly designed, trained, and implemented, creating a gap between the needs of the citizens and the responsiveness of the state. It is this gap that led to the growth of global governance within Egypt, allowing a greater and unprecedented role of international organizations. By implementing structural democracy within Egypt, international organizations enabled authoritarian regimes to pursue political liberalization absent of liberal democracy (Tadros, 2012: 62). In turn, the Egyptian state was no longer the sole source of authority in either the domestic or international direction of the country (Sending and Neumann, 2006:655).

Vertical Decentralization

In 2006, USAID launched the EDI to formally encourage decentralization within Egypt. The goals of the program were to increase the effectiveness and transparency of local revenue generation, support greater public participation in state decision-making, and develop legal, regulatory, and institutional structures to enhanced local government capacity (Snider and Faris, 2011). For this reason, donors have given high amounts of localized funds, and, in FY2013, Egypt was one of only four USAID-funded countries to receive more than 50% direct funding – with a total 65% of aid delivered locally (USAID Forward Data, 2013).[6]

Although the EDI and decentralization in Egypt have been well studied by a variety of national and international academics for its failure to secure a participatory democratic framework at a local level (OIG, 2009; Badawi, 2012), the program concluded in 2013 with over 50,000 public employees receiving capacity building, showing signs of a structural democracy being established (Daily News Egypt, 2013). Further characteristics of this structural democracy can be seen in all three Egyptian constitutions;[7] specifically, the 2014 constitution grants the most rights to Egypt’s local councils and institutionalizes decentralization as a priority through Articles 175-183 (Comparative Constitutions Project, 2014).

Despite reform efforts, academics now widely assert that decentralization agendas were rarely used as a solution to either poverty reduction or inefficiencies in government but were instead used as a tool to execute neoliberal reforms and consolidate political support in local areas (Bergh, 2012; Tadros, 2012). Whilst the adoption of the good governance agenda through decentralization may have created a structure of democracy by which citizens can artificially participate, it is wrought with foreign influence, upwards accountability, and often remains within state control. When reviewing initial reports from the Egyptian presidential elections in spring 2014, a lack of respect for constitutional laws and fundamental rights was widespread, and marginal political space for opposition movements restricted dissention (Preliminary EUEOM, 2014). Furthermore, it should be noted that many of the constitutional and legislative laws passed in early 2014 restrict democratic representation as well as the autonomy of decentralized government (Comparative Constitutions Project, 2014; Elmenshawy, 2014).

Human rights violations, economic inequality, and religious and cultural extremism continue to flourish in Egyptian society despite structural reforms (Freedom House, 2014). This separation between the intended and actual goals of good governance and decentralization, labeled “the tale of two Egypts,” can be seen as part of a skewed and

manipulated decentralization initiative that sought to establish "a sustained effort to restrain the revolution [of 2011 in Egypt] within the bounds of an 'orderly transition'" (Tadros, 2012; Hanieh, 2011:125). This is characteristic of what Gills and Rocamora describe as a distinctively neoliberal agenda through the establishment of a "low intensity democracy" and others "inclusive neoliberalism" — encouraging limited democratic engagement and welfare promotion only to the extent needed for neoliberal policies to flourish, failing to encourage popular political participation in a meaningful way (1992:501; Hickey, 2010).

Horizontal Decentralization

A parallel component of the USAID strategy in Egypt was a civil society grant-making program, which was lauded for its success in disbursing funds and support to local organizations without requiring the approval of the Egyptian government (OIG, 2009). By focusing on "human rights, anticorruption, transparency, elections and political processes, and civil participation," (OIG, 2009) this portion of the EDI attempted to respond to citizen needs from the bottom-up. As such, the large amounts of aid funding sent to local organizations since the start of the EDI have contributed to the continued separation between citizen needs and the ability of an ill-functioning, local government to respond democratically. The contribution of foreign donors to Egypt's aid dependency has allowed for greater central political control and a lack of accountability to the people. This separation of the state from the need to respond to citizens demands has led to a "hollowing out" of the state and a local government that has "responsibility but no power" (Peck and Tickell, 2002 via Bergh, 2012:312).

Although western donors and scholars agree that a representative civil society is key to increasing democracy within a development country (Hickey, 2010), these local organizations often stand in as "compradors of the state,"[8] receiving direction from international donors to supplement the lack of institutional capacity of Egypt's decentralized local councils. There are almost 40,000 officially registered civil society organizations (CSOs) in Egypt, most of whom are often staffed by "cosmopolitan, middle class professionals" who are removed from the majority of the population and often directed by the 89 approved foreign donors (Nader, 2014; Beinin, 2014:398). Local organizations receiving foreign funding are guided by reports and indicators that are mandatory for receiving aid – forcing CSOs to concede to conditionality, and in many instances support neoliberal agendas (Bebbington et. al 2008:4). This meant that CSOs placed the requirements imposed by donors above all other objectives, including the needs and priorities of citizen groups in order to retain funding from Western donors (Wallace, 2009).

In the case of USAID's involvement in civil society capacity building, local activists note that CSOs "did not participate in selecting the strategic planning of USAID's [democracy] program… [Stating that] it was a completely American agenda" (Snider and Faris, 2011). CSOs were expected to assume responsibilities that were abandoned by the shrinking role of the state and weak subsidiary governments through decentralization initiatives, and they became more of an instrument of state control as opposed to a mechanism for collective empowerment (Beinin, 2014:398).

This enhanced foreign-funded CSO structure did little to address the needs within the community, leading to an increase in the economic and social disparity within Egypt (Beinin, 2014:404). Furthermore, it can be compared to the effects of foreign aid and state building in Afghanistan and Alessandro Monsutti's study of the World Bank-funded National Solidarity Program (NSP), which had similar objectives to the EDI. Under the NSP today, although the country holds regular elections to "democratically" elect heads of state, the Afghan government depends almost entirely on international aid and direction to distribute welfare services and security (2012: 564).

The vertical and horizontal decentralization initiatives imposed by foreign funding under the good governance agenda did little to compel liberal democracy in Egypt. Instead, for states, decentralization presented an opportunity to consolidate political support for regime stability while neglecting provision of basic services, and, for donors, the process allowed for the further opening of developing states to the capitalist market and foreign influence (Craig and Porter, 2006:102). What was left from the end of the EDI program was a strong, foreign influenced civil society that stood in for an ill-functioning and bureaucratic democracy. As a result, key characteristics of democracy, including citizen accountability and representation, remain absent.

Implications for Democracy

This section demonstrates how the skewed implementation of decentralization reforms has yet to produce sustainable, liberal democracy in Egypt. Instead, one can find more of a "low intensity democracy," where political authority has become dislodged from the state in favor of transnational policy networks and spheres of authority (Sending and Neumann, 2006:651). Despite a structural democracy and legally decentralized government, significant marginalization and disenfranchisement of today's Egyptian population has created a type of Polanyian state where citizens are neglected in the face of economic reform.

Since the start of the USAID funded EDI program, Egyptians have seen military rule, two revolutions, three presidents, three constitutions, and six different governments. Furthermore, as a result of a perceived failure of government to respond to citizen needs, public levels of dissatisfaction with the direction of the country are higher than they were before the 2011 revolution (72%), and a slight majority have indicated preferring a stable government as opposed to a democratic one (Wike, 2014). While donors accepted the importance of a limited role of the state in development through the good governance agenda, they continue to drive the development priorities from the outside, implementing initiatives with limited involvement of the state (Fritz and Menocal, 2006). The simultaneous strengthening of civil society and minimizing role of the state has removed the social aspect of development. Instead, as implemented in Egypt, the good governance approach has resulted in an "impotent strategy aimed more towards enhancing the state's efficiency and coherence than in challenging the status quo" (Snider and Faris, 2011).

It is here that we can examine the effects of the good governance agenda that have failed to address the links between poverty (i.e. lack of access to basic human rights and essentials necessary for democracy) and the political processes (Hickey, 2010:1152). In interviews conducted in Egypt over the last four years (2007-2011), activists, development contractors, and USAID employees have questioned the absence of development agendas incorporating social justice and human development while failing to consider the effects increased economic and social marginalization has on the majority population (Snider and Faris, 2011). In this environment, CSOs became more of an "instrument of state social control than a mechanism of collective empowerment," operating within an acceptable "sphere of influence" (Beinin, 2014: 398).

Conclusion

Decentralization, identified as the leading force for implementation of the good governance agenda, is seen by donors and policy makers as a process of dissolving or assigning responsibilities to local governorates in order to make the government closer to the people. Yet, what has happened in Egypt over the last 25 years, and since the start of the EDI program, is not the development of good governance and democracy through decentralization. Instead, the vertical and horizontal reorientation of state responsibility has produced state institutions that are incapable and unwilling to administer liberal democracy effectively. As Douglas North notes, while institutional structures and rules can change over night, informal norms change gradually (1995:7). The result has been a highly influential international donor community, a state that has elite political control and no accountability, and a marginalized majority population.

It is important for this analysis to be grounded in a broader context of the use of good governance techniques and decentralization in encouraging democratic practices within a developing country. In its ideal form, good governance can create strong avenues for civic and political participation, representation, and equality within a country. In this regard, degrees of success are seen in the Philippines, Bolivia, Indonesia, and Pakistan (Faguet, 2012; Guess, 2005). However, this success can be measured through an analysis of the historical and political contexts of each country, of which conditions indicate both varying degrees of success and failure of decentralization (Faguet, 2012:10). In doing so, one can note the ease in which ideal forms of good governance and decentralization can be skewed within the context of the developing country, and the way in which donors implement reforms. As shown, decentralization is intended to re-orient government accountability locally in order to increase accountability of officials and establish a more transparent state. However, in the case of Egypt, elite politicians and bureaucrats were often swayed by more political means of decentralization, instead using the devolution of government responsibilities as a way to maintain political, thus undermining the substance of democracy (Faguet, 2012: 10). In many cases,

scholars suggest these failures make up the underpinning of discontent that emerged during the 2011 Arab Spring.

As Egypt moves to restrict international aid and civil society organizations within the country, recent legislative and political trends point to a desire to re-orient the control of the state back to the center. This is especially problematic considering the lack of accountability and transparency of both government and civil society organizations, both of whom for many years relied on international aid through the good governance and decentralization initiatives. It is clear that the good governance and decentralization agenda as implemented within the Egyptian context has had little effect on liberal democratization of the country. Instead, this particular application has further marginalized the core population from access to human rights and legitimate democratic participation. Moving forward, additional studies into the failure of decentralization and the country's potential move to re-centralize should be undertaken. This analysis would allow for a broader understanding of the effects this has had on democracy within the country.

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Footnotes

[1] As detailed in the 1997 World Development Report

[2] See Figure 2, World Bank, 1997:7

[3] As coined by Douglas North in his 1995 publication, "The New Institutional Economics and Development."

[4] Most notable examples include Tunisia, Morocco, Yemen, Lebanon (Fedtke, 2013; Al-Akhali, 2014; Ben-Meir, 2014).

[5] It should be noted that similar evaluations have been undertaken for other international donor support to decentralization in Egypt, including the EU (Tagma et. al, 2013).

[6] This is a 53% increase from FY2012. Of all 80 countries USAID had programming in during FY2012 and FY2013, localized funding was increased more than 50% in only four others: Jamaica, Moldova, Philippines, and Tanzania.

The Dominican Republic is the only other country where local aid is above 50% in FY2013, making a 32% jump from FY2012. (Author's own analysis, USAID Forward Data-Local Solutions, 2014).

[7] The constitutions of 1971 (with amendments up to 2007), 2012, and 2014.

[8] Here I borrow from the term used by Julie Hearn, 2007.

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