ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (ESCWA)

INSTITUTIONAL DEVELOPMENT AND TRANSITION: DECENTRALIZATION IN THE COURSE OF POLITICAL TRANSFORMATION

United Nations

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United Nations
New York, 2013

13-0256

Acknowledgements

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Executive summary

Have Arab uprisings opened space for deeper, grassroots-driven decentralization reforms in the region? Do newly emergent political elites perceive reforms in this area as a priority? What are the optimum designs, sequencing and models of decentralization for Arab countries in political transition?

Drawing on findings from field research as well as recent analyses, this study argues that uprisings have created a stronger momentum for revisiting the question of decentralization reforms in Libya and Yemen, compared to the cases of Egypt and Tunisia. In the latter cases, there is evidence that, while new advocacy movements focused on reforming local government structures have emerged, they have thus far remained elite-led. Grassroots activism at local community levels has served to empower new actors, who, in some cases, were successful at extracting concessions from local authorities. These efforts, however, focus predominantly on improving access to public services within the existing context of centralized state structures, and seem to have often failed to gain the trust of local community members as potential partners in local governance.

In addition, looking closely at the experience of Egypt, the region's most populous country, reveals several emerging trends. Indeed, focus group discussions in three working class neighbourhoods within Greater Cairo reveal sceptical views on decentralization of powers, responsibilities and resources among both male and female participants. In contrast, youths were more likely to demand deeper reforms across all three dimensions of decentralization (administrative, fiscal and political). This finding is also confirmed by recent surveys. Interviews among political elites from various ideological backgrounds reveal wide divergence of opinions on which particular dimension(s) of decentralization reforms need to be implemented. In addition, there is no consensus over prioritizing decentralization reforms during early phases of political transformation. While recognizing the need for local reform, many political leaders seem to be concerned about undermining state capacity, as well as potential capture by traditional elites due to the weakness of newly minted political parties and limited capacity of local level institutions.

On these bases, the study argues that there seems to be a critical gap between youths' expectations in Egypt, on the one hand, and the political elite's envisioned plans, on the other. The study concludes by drawing lessons from France's contract-based record of decentralization, as a case of a centralized state that has successfully devolved powers to subnational government tiers, while maintaining monitoring and supervisory roles for central government representatives. In addition, policy recommendations are proposed for countries that have emerged from the Arab uprisings with relatively strong centralized state structures and cohesive national identities.

Introduction

Uprisings that lead to the downfall of long-ruling regimes typically constitute "critical junctures" in the long-term institutional development of governance systems.[1] Such historically rare moments provide unique windows of opportunity for policymakers to exercise agency in crafting new institutions while being less bound by structural constraints.[2] Aside from providing space for institutional restructuring at the macro level, recent popular mobilizations from below in the Arab region have given rise to new forms of locally rooted activism. Following the initial weakening of state institutions and disappearance of police forces, neighbourhood watch brigades – in addition to local committees as well as regional bodies – were voluntarily formed by residents. This form of activism has, in some cases, evolved into a new wave of grassroots collective action centred on improving local spaces through better services. In addition, several countries have witnessed the emergence of new advocacy-oriented social movements that articulated local government reform agendas. Have Arab uprisings opened space for deeper grassroots-driven decentralization reforms in the region? Do newly emergent political elites perceive reforms in this area as a priority? What are the optimum designs, sequencing and models of decentralization for Arab countries in political transition?

Recent scholarship has highlighted that decentralization's potentially positive economic and governance outcomes are both contingent on prevailing political institutions, social contexts and appropriate sequencing of reform steps. In the Arab region, however, research on underlying dynamics shaping the design of decentralization reform, public attitudes on the optimum balance of power among the various government tiers, as well as preferences of political elites are severely lacking. This study seeks to contribute to the literature through in-depth analysis of local government systems and the prospects for decentralization reforms in Arab countries in the wake of popular uprisings that have swept across the region since 2010-2011. The study explores the possibilities and constraints facing the decentralization reform agenda in countries that have experienced significant momentum for governance reform on the heels of collective mobilizations. More specifically, cases explored in the analysis have witnessed dissolution of pre-existing authoritarian political orders and, as such, can be considered to have entered into a stage of political transformation, albeit not necessarily a democratic transition. Within that context, the region's most populous country, Egypt, is the focus of in-depth analysis in the study.

Decentralization efforts geared towards (re)building local institutions that are both effective and legitimate are crucial for various reasons. First, popular mobilizations often deliberately targeted local institutions as symbols of corruption and/or human rights violations. In some contexts, restructuring the balance of power between central and subnational government tiers has even emerged as a contentious issue. Second, given that exclusive governance and deepening trends of polarization seem to have undermined popular commitment to electoral participation, there is a need to establish local institutions that can sustain citizens' engagement. Third, enhancing local-level involvement is vital both for preventing a return to authoritarian rule as well as for consolidating democratic change in the Arab region. Finally, there are signs that, while collective action at the community level is a healthy development, it may not serve as a substitute for reforming local state institutions.

The study argues that Arab uprisings created room for the emergence of new social movements that advocate for local government reforms as well as local-level initiatives that have impacted local policies, and in some cases even national policies. This is unprecedented in the region. In some countries, there is increased vitality within civil society. However, in other contexts, there is a growing trend towards redefining the nature of central states as well as adopting multi-level governance models. Notwithstanding the significance of these developments, findings from an in-depth analysis of the case of Egypt show that these new trends need to be kept in perspective. In the Arab world's most populous countries, these new

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[1] Pierson, 2004.

[2] Thelen, 2003.

initiatives did not constitute an emerging pattern of grassroots-driven deepening decentralization. This can be attributed to the fact that advocacy movements have remained elite-led, while local-level initiatives do not seem to prioritize restructuring relations among government tiers.

Furthermore, focus group discussions indicate that, by and large, the urban working class do not support decentralization reforms. The notable exception is youths, who represent a critical constituency in the region both in terms of demographics as well as future socioeconomic and political development. While recognizing that decentralization reforms are crucial, political elites seem to be divided over both the desired reform steps as well as the duration needed to implant responsive and transparent local institutions that can more efficiently deliver services to the citizenry. Egypt's 2012 constitution as well as proposed legislation after the revolution of 25 January 2011 show limited progress towards decentralization. While the study's findings need to be corroborated through larger samples, they show that overall the region is likely to witness a gap between popular expectations of political change, particularly among youth, on the one hand, and the will of the political elites to embark on reforming local state institutions, on the other.

Chapter I provides a brief overview of the major debates related to decentralization; proposes a definition of the process; and identifies its fiscal, administrative and political dimensions. In addition, this chapter reviews the debate over the relationship between democratization and decentralization, and concludes by making a case for pursuing decentralization reforms based on contextual dynamics.

In chapter II, the study seeks to take stock of local government systems in Arab countries in transition. It analyses underlying dynamics that have shaped previous decentralization initiatives in the region. Based on the analysis provided, the study draws a distinction between two trajectories of reform following the uprisings. The first is marked by top-down, elite-led initiatives that aim to streamline local government systems and strengthen accountability to voters without necessarily or fundamentally restructuring powers and responsibilities across government tiers. The second, by contrast, involves countries where sustainable development and responsiveness to indigenous transformations necessitate revisiting the unitary character of the state. The latter cases may, in some instances, officially become federal states, but policymakers are likely to face future challenges in striking fine balances between demands for communal representation and the need to concentrate some powers in the hands of central governments.

Chapter III outlines the nature of Egypt's local government system, while tracing elements of continuity and change over the past few decades. In addition, the section discusses the 2012 constitution and proposed amendments to the system in order to trace the direction of change following the 25 January uprising.

Chapter IV explores the prospects and limitations of decentralization reform agendas in Egypt. Building on recent empirical findings, the section analyses the demands of newly emergent advocacy movements focused on local government reforms. Moreover, the chapter analyses the attitudes of local activists and residents of three working-class neighbourhoods in Cairo, namely, Ard al-Lewa, Imbaba and Omranyea, with regard to efficient service provision, as well as citizens' perceptions of local-level accountability and responsiveness. Finally, this chapter examines the views of major political trends on decentralization, based on official party programmes and interviews with party leaders.

The study concludes with chapter V, which offers policy recommendations in the context of countries in the first steps of institution building, as identified in chapter II. This chapter discusses the contract-based model of decentralization in France as an example of a unitary centralized state that has gradually decentralized power while maintaining an active role for the central government. The chapter makes several recommendations for successful implementation of decentralization reforms in Arab transition contexts.

I. REVISITING THE DECENTRALIZING DEBATE POST ARAB UPRISINGS

During moments of political transformation, the immediate focus of policymakers is typically on national dialogues, transitional justice, restructuring electoral systems and constitutional reforms. Aside from macropolitical changes, however, decentralization reforms are integral to consolidating democratic change on the ground. In many instances, dynamics of restructuring power relations among tiers of government are closely intertwined with countries' political and economic transitions. For example, as countries in Latin America transitioned to electoral democracies, centralized autocratic regimes were discredited and decentralization was adopted as a strategy for democratizing the state and raising citizens' influence on policymaking. By contrast, big-bang "decentralization, deregulation and de-etatization of public administration" in Eastern Europe were adopted largely in the absence of alternative governance structures following the collapse of Communist rule.[3] In the African context, the spread of multiparty systems gave way to bottom-up pressures for decentralization as regional and ethnic groups pressed for greater participation in the decision-making process.

In Arab countries, while uprisings gave way to the end of long-ruling authoritarian regimes, paths of political transformation have diverged. In some instances, reforming the political order has entailed revisiting the very nature of the state against the backdrop of communal tensions and contested central government authority. Here, issues of decentralization quickly emerged as vital topics of debate as seen in Libya and Yemen. By contrast, political transitions in Egypt and Tunisia did not lead to demands for altering the state's unitary character, but coincided with the rise of new social movements calling for political decentralization as well as equitable access by traditionally marginalized regions to state-controlled resources, as well as markets. These campaigns, while echoing explicit grievances by protestors, often failed to push reforms to the forefront of the transition process. In other words, decentralization did not emerge as a politically salient issue where national identities have been traditionally strong.

This chapter begins by highlighting the relevance of local-level reforms to the political scene in the wake of the uprisings witnessed across the region of the Economic and Social Commission for Western Asia (ESCWA). In order to conceptually frame the empirical analysis, the chapter proposes a definition of decentralization, following a brief overview of major debates concerning the classic rationales, and main dimensions of decentralization. In addition, it reflects on the central question of whether decentralization is a necessary step for successful democratic change in the ESCWA region. The argument suggests that decentralization is not necessarily associated with greater levels of efficiency, accountability or democratic freedoms. Nonetheless, reconfiguring power relations among government tiers, as well as improving accountability within the state apparatus are deemed crucial for stabilizing ongoing political transformation and for promoting democratic consolidation.

A. THE "LOCAL" IN ARAB UPRISINGS

The Arab Spring has coincided with rising momentum for decentralization among the grassroots. Prior to the uprisings, local-level discontent was evident and even fed into the broader mobilizations in Egypt, Libya, Tunisia, and Yemen. Indeed, agitation by local communities on some occasions sparked (as in Libya and Tunisia) or added momentum (as in Egypt and Yemen) to nationwide uprisings. As belligerent regimes fell and state institutions temporarily ceased to function or collapsed altogether, spaces were created for participatory experiments in self-government whereby communities became increasingly aware of the importance of empowered and accountable local government structures. Organized social movements specifically calling for restructuring the state and devolution of power to lower levels have also emerged, seeking to highlight questions of local governance reform to transition authorities. For many citizens in these countries, revolutionary change meant installing a new system of governance that would be more representative, participatory and transparent – not only at the national, but also at the subnational levels.

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[3] Illner, 1997, p. 32.

Signs of local-level political agitation were indeed evident prior to the onset of the uprisings, and were even manifested in patterns of mobilization across the Arab countries in transition (ACTs). Egypt, for instance, has experienced a surge in protests since 2000. Over the period 2004-2010, an estimated two million people participated in anti-regime initiatives. Specifically, in order to "compel unresponsive officials to enact or revoke specific policies, citizens blockaded major roads with tree branches and burning tires… and blocked the motorcades of governors and ministers".[4] The failure of the State to deliver basic services in many instances triggered community or neighbourhood-based mobilizations that sometimes enveloped entire towns. As early as 2007, local protests multiplied owing to widespread shortages popularly framed as "injustices in the distribution of water"; and, in response, official news sources characterized the country as being "on the brink of water revolution".[5] In 2010, community protests were as geographically widespread as Akhmim in Upper Egypt, to Rosetta in the Delta to Ummraniyya in Greater Cairo. Such community mobilization often overlapped with demands by societal groups (farmers and workers) or ethno-religious minorities (Copts and Bedouins), whose collective actions were organized along residential lines. By 2011, the linking of local community-based mobilization laid the groundwork for a massive cross-country uprising symbolized by demonstrations in Cairo's Tahrir Square. Nonetheless, the urban governorate of Suez emerged as a flashpoint where the first protestors lost their lives on 25 January 2011. The city soon became the site of recurrent violent confrontations with the state during the 18-day standoff with the regime of former president, Hosni Mubarak. Indeed, local political dissent was galvanized by the combination of high unemployment, rising prices and police torture.[6]

Along similar lines, the role of context-specific grievances in triggering the Arab uprisings has been evident in the other three cases that experienced regime change. In the case of Libya, Benghazi emerged as the focal point of mobilization because the 40-year grip on power by Muammar al-Qaddafi rested on exclusionary kin- and clan-based patronage networks. His rule coincided with corruption and "artificially induced scarcity in everything from simple consumer goods to basic medical care", despite the country's wealth in natural resources.[7] Most significantly, the murder of more than 1270 political prisoners, known as the Abu Salim massacre, planted the seeds of the city's uprising. The victims' families had held protests since 2007, but the arrest of the lawyer representing their case in mid-February 2011 triggered wider mobilization with popular calls quickly escalating from demands for his release to an end to Qaddafi's brutal regime.[8]

In Tunisia, the revolution came on the heels of longstanding economic grievances in the impoverished agricultural and mining areas in the south-west of the country. By contrast to the affluent coastal towns, the regions of Sidi Bouzid and Gafsa had high levels of poverty, and unemployment levels were officially double the national rate, at 30 per cent. For much of 2008, the regions experienced a social uprising triggered by nepotistic employment practices by the biggest employer, namely, Gafsa Phosphates Company (CPG), and poor working conditions. Demonstrations by unemployed youths, who were passed off by CPG, were accompanied by workers' strikes, protests by families of the injured and sit-ins involving the whole community.[9] From the epicentre in Sidi Bouzid and neighbouring Gafsa, protests rapidly spread through marginalized areas known as Tunisia's poverty crescent.

In Yemen, the protracted standoff between the regime of former President Ali Abdullah Saleh and non-violent young protesters, was reconfigured in the wake of violent mobilization by tribal militias, particularly in Taiz, the country's second largest city. While attention centred on developments in Sana'a, the

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[4] El-Ghobashy, 2011.

[5] Leila, 2007.

[6] El-Meehy, 2011.

[7] Anderson, 2011, p. 5.

[8] Boesveld, 2011.

[9] El-Meehy, 2011.

capital, the protests were sparked in Taiz where demonstrators first reached a critical mass and spurred protests elsewhere. Taiz's vital role in the uprising owes partially to its social composition, which includes intelligentsia, political activists and well-educated residents, as well as its geographical proximity to Aden in the southern region. While demonstrators marched in Sana'a, they camped out in Taiz, erecting tents in a section symbolically renamed Freedom Square. The regime's response to the mobilization in Taiz was qualitatively different, ranging from uniformed forces shooting demonstrators to artillery firing and bombing of residential areas from the air. Although anti-Saleh popular protests and fighting unfolded nationwide until early 2012, Taiz was the scene of the highest levels of violence as well as lives lost. Fuelled by political agitation and history of activism, citizens were quick to mobilize new grassroots constituencies, including youth and middle-class groups, to demand regime change.[10] The city's problematic relationship to the regime stemmed at least partially from the president's tribal background and early career record as an unpopular military governor of the city. Ultimately, Saleh's political exit was prompted by fierce fighting among marginalized and politically disenchanted tribesmen, on the one hand, and the regime's security forces, on the other.

Across all four countries, the end of authoritarian rule led to security vacuums on the ground as police forces retreated from the streets or violence broke out between resistance and security forces. In addition, the official decision to dissolve local government authorities or their de facto freezing of their operations have created additional governance vacuums, with limited access to basic local services. The absence of the state's presence compelled local communities to initiate experiments in self-governance, market regulation and self-policing through local popular or coordination committees. These initiatives increased citizens' confidence in their capacity to make decisions affecting their communities, while raising their expectations for decentralization reforms in a post-revolutionary era.

B. DECENTRALIZATION REFORM AGENDA

While decentralization is considered one of the most significant governance reforms in recent years, it is perhaps also one of the most paradoxical. Over the past three decades, national politicians across the world have purposefully decided to cede power and resources to subnational actors. This multifaceted phenomenon has profound implications for both the state as a power structure and for its relationship to society. The modern nation-state has been uniquely characterized by political sociologists as an inherently centralized institution with binding rule-making powers within a territorial space. In Max Weber's classic work, the modern state consists of a "differentiated set of institutions and personnel, embodying centrality, in the sense that political relations radiate outwards from a centre to cover a territorially demarcated area over which it exercises a monopoly of authoritative binding rule-making, backed up by a monopoly of the means of physical violence".[11] Building on this view of the state, political scientist Michael Mann famously associated the state with two sets of powers, namely: "despotic", referring to actions which the elite is empowered to undertake without routine, institutionalized negotiation with civil society groups; and "infrastructural", meaning the capacity of the state to penetrate civil society and logistically implement political decisions throughout the realm.[12] In the context of the Arab region and of developing countries more generally, many states do not meet the classical criteria of institutional differentiation and monopoly over use of force. Furthermore, the emergence of centralized nation states has often been associated with authoritarian governance and did not lead to institutionalization of effective infrastructural power or the state capacity to realize policy goals. In other words, the regional pattern of state formation has been to a large extent characterized by arbitrary exercise of power by elites in heavily centralized yet soft states, with limited capacity to penetrate society.

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[10] Alizzy, 2011.

[11] See discussion in Mann, 1984, p. 112.

[12] Mann, 2008.

Indeed, reforming the state apparatus emerged on top of the agenda of Arab policymakers, particularly in the face of increasing global competition, parallel reforms worldwide, as well as donor enthusiasm for reconfiguring power relations among the various tiers of government and for engaging civil society in development initiatives. Structural shifts in the world economy and the rise of neoconservative globalization have created pressures on governments to rationalize public expenditure, streamline bureaucracies and expand the role of markets, thereby redefining the respective roles of central and local governments in creating hospitable environments for development. Faced with escalating fiscal crises, slowing economic growth and rising unemployment, non-oil producing countries have progressively adopted macroeconomic stabilization and structural adjustment reforms since the late 1970s. As for oil producing countries, the needs to diversify resource bases, generate sustainable growth and improve human development have triggered the adoption of similar reforms following the end of the first oil boom. In their efforts at rolling back the state and minimizing inefficient rent-seeking, policymakers privatized certain functions, established parallel semi-autonomous agencies staffed with higher calibre technocrats, as well as decentralized resources, authorities and mandates to local levels. By nominally empowering local-level officials, reforms were deemed potentially conducive to efficient infrastructure investments, market-friendly regulatory and tax reforms, human resource development, as well as effective partnerships across public and private sectors.

Moreover, the global quest to bring the state closer to the people since the 1980s has translated into an unprecedented worldwide trend to decentralize national governments by granting new powers to local and regional governments and, in some cases, even creating new levels of government. In almost every country in the West, reconfiguration of power relations within the state has been associated with a celebration of local autonomy. For instance, member states of the Council of Europe entered into a treaty in 1985 to "protect the autonomy of local governments versus central governments, the so called European Charter of Local Self-government".[13] For decision-makers in the Arab region, institutional restructuring by de-concentrating powers and resources was deemed beneficial for enhancing the state's infrastructural power. In fragile and weak state contexts, formally redefining power and accountability relations within the state apparatus were part of attempts by policymakers aimed at consolidating the state's legitimacy and authority. Given that the margins for both civic and political rights remained limited, analysts have found that overall decentralization reforms in Arab contexts were part and parcel of upgrading strategies by authoritarian regimes designed to improve rulers' image abroad.

Finally, donors and development agencies have promoted greater local-level authority and autonomy for more efficient service, as well as better governance practices. In order to improve the impact of decentralization, international agencies have also extended technical and financial support in order to encourage community-driven development (CDD). By incorporating the perspectives of local residents in needs identification, planning and implementation phases of projects, CDD initiatives were celebrated as tools for levelling power imbalances among local residents, state officials and development professionals. "The hypothesized governance impact of this strategy is greater social cohesion, and enhanced ability of citizens to demand and receive better public goods performance from their government".[14] As such, local governance reforms have been considered particularly promising mechanisms for curbing arbitrary exercise of authority in the Arab region, long considered "exceptionally resistant" to democratic change.[15]

As a matter of fact, many countries in the region have received official and international assistance aimed at supporting decentralization of state agencies, and participatory development models centred on developing partnerships with civil society and state officials at the local level. Between 1984 and 2009, significant donor-funds were allocated to reforming the local governance sectors in Egypt, Tunisia and Yemen, where donor programmes valued at US$1.7 billion, US$2 billion and US$0.9 billion, respectively,

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[13] Fleurke and Willemse, 2004, p. 524.

[14] Khemani, 2010, p. 26.

[15] Local governance encompasses local-level state institutions in addition to partnerships and informal networks linking local officials to non-state actors, non-governmental organizations (NGOs) and private-sector bodies.

were disbursed.[16] As a percentage of net official flows, donor-financed programmes in the area of local governance represented an estimated 10 per cent in Egypt and Yemen, and amounted to roughly 29 per cent in Tunisia.[17] In the post-2010 uprisings contexts, donor reluctance as well as budget cuts resulting from global recession led to lower development assistance for some ACTs. For instance, pledged funding aimed at promoting local governance reforms has fallen in the case of Egypt to US$35.9 million since 2010.[18] Local reforms seem to have remained a higher priority area for donors in Tunisia and Yemen, where pledged funds are estimated at US$1.2 billion and US$306 million, respectively (figure I and the annex for details). As demonstrated in the study, however, devolution of power to lower tiers of government has been limited, which de facto also marginalized the scope for co-governance by local community actors. Scarce empirical evidence shows that local civil society actors faced dual challenges that undermined their potential role as viable partners for co-governance at the local level. These are the lack of autonomy with regard to the state, as well as inhospitable attitudes by local official members towards the very notion of community participation. Consequently, an emerging literature is questioning the empowerment effects of community-led initiatives, which, in some cases, continued to reflect the interests of power holders and even the manipulation of civil society actors.[19]

Figure I. Total aid flows compared to donor funding for local governance projects, 1984-2009 and post 2010
(*Billions of United States dollars*)
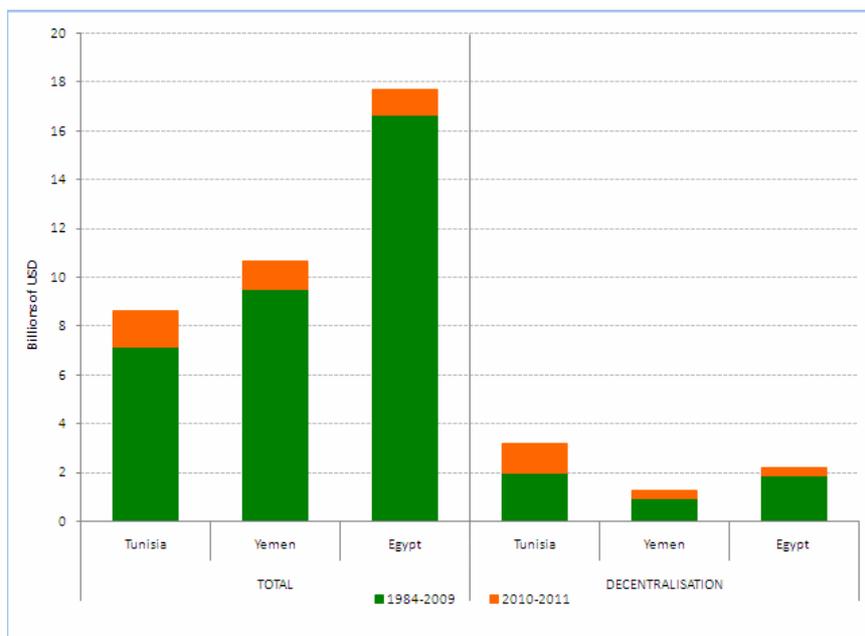
Source: Data collected from the websites of the main donors, including the World Bank, UNDP, EuropeAid, USAID, VNG International, International Fund for Agricultural Development, African Development Bank, Agence Francaise de Development, and the Governments of Canada, Germany and Japan.

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[16] Data collected from the main donor websites, namely: the World Bank, United Nations Development Programme (UNDP), Europeaid, USAID, VNG International, International Fund for Agricultural Development, African Development Bank, Agence Francaise de Development, and the Governments of Canada, Germany and Japan.

[17] According to the World Bank definition, "net official development assistance (ODA) consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients". The World Bank. Net official development assistance and official aid received (current US$). Available from: http://data.worldbank.org/indicator/DT.ODA.ALLD.CD/countries/1W?display=graph.

[18] Projects in Egypt for the years 2010 to 2013.

[19] Al-Mahdi, 2011; and Bergh and Jari, 2010.

C. DEFINING DECENTRALIZATION

Decentralization has been widely debated in both policy and scholarly circles. While concepts of decentralization have evolved over time, development agencies and donors have typically adopted broad definitions. For instance, World Bank documents refer to decentralization as the "transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organizations and/or the private sector".[20] In other formulations, the World Bank has also interpreted decentralization as a "rearrangement of accountability relationships among citizens, politicians, organizational providers, and service providers, and the invariable ascendance of some actors relative to others".[21] In other words, decentralization involves restructuring relations among state, society and the market, with important implications for both political structures, as well as civil society.

Along parallel lines, UNDP has advocated the concept of local governance to highlight linkages among democratic governance practices, civic values and human development. According to this approach, reforms extend beyond decentralization of power within state institutions to include engagement of civil society actors in policymaking, and implementation. As for donors, one of the biggest promoters of decentralization reforms has been USAID. The agency's focus has in recent years shifted away from its earlier emphasis on local governance and local public service delivery as mechanisms for economic development goals. Alternatively, recent USAID publications explicitly frame decentralization in terms of politically empowering both appointed and elected local officials, as well as promoting an engaged citizenry. The process is seen as a cornerstone of democratic change given that it "advances the exercise of political freedom and individual economic choice in a context of stability and rule of law".[22]

This study adopts a narrower definition of decentralization as the devolution of power and resources vertically from the central state to subnational levels of government. Furthermore, the specific focus of the analysis is on two spheres of governance: the legislative and executive bodies, as well as their relative powers vis-à-vis one another. In order to assess the degree of vertical devolution of power and resources over time as well as across countries, six indicators are applicable, as follows: (a) the number of vertical tiers within the state apparatus that are funded from the public budget; (b) the breadth of decision-making powers wielded by office holders at subnational state tiers; (c) the ratio of subnational office holders who are appointed and whether the actors entrusted to appoint local officials are at a higher or similar tier of the state's apparatus; (d) the ratio of subnational office holders who are popularly elected in pluralistic competitive elections; (e) fiscal decentralization or the assignment of expenditure and revenue-raising powers to the various tiers; and (f) personnel decentralization or the distribution of civil servants across the various tiers of the state represented as a ratio to population size per jurisdiction.[23]

This definition advances clarity both by avoiding contested assumptions focusing on the restructuring of power, resources and responsibilities within the state apparatus. Unlike the conceptualizations advanced by international organizations, decentralization is not to be democratizing, nor does it imply the transfer of state functions to the private sector. This understanding of decentralization envisions restructuring of authority and resources within state institutions to possibly redistribute power across social classes by allowing for wider participation and access to resources. Depending on sociopolitical contexts, the process may also redistribute resources from wealthier to poorer areas.

While decentralization may carry important implications for state-society relations, the nature of these effects are contingent on pre-existing power structures, the design of reforms and the relative capability of

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[20] World Bank, 2004.

[21] Ibid.

[22] USAID, 2009b, Executive summary.

[23] Triesman, 2002.

actors to take advantage of reforms. As shown by the experiences of such countries in Latin America as Chile, decentralization reforms were, in some instances, geared towards better infiltrating society, monitoring opposition forces and increasing stability of authoritarian regimes.[24] For the purposes of the analysis, policy areas matter given that the process of reform is often uneven and countries may choose to decentralize some policy areas while centralizing others.[25] As demonstrated in chapter III and corroborated by historical studies of other countries, the study additionally does not presume that decentralization is unidirectional or irreversible. Indeed, nuanced studies of state formation and evolution over time reveal that it is common to have "pendulum-like" movements from "centralized" to "decentralized" state structures.[26]

D. Varieties and dimensions of decentralization

Decentralizing the central state apparatus may entail varying degrees of power transfer to lower tiers of the state. At one end of the spectrum is de-concentration of policy implementation, while policy formulation continues to be made at the central level. These reforms have been adopted in the case of services where scale or externalities are involved (for example, non-local roads and water resources), or where redistribution of wealth and national standards are important.[27] Given that de-concentration entails reassigning responsibilities to field offices of national ministries and improving the national government's presence in remote territories, it has been widely adopted in post-conflict states. Similarly, this limited scope of decentralization reforms has been popular where policymakers are hesitant to surrender power due to geostrategic instability or fears of nation-state breakdown. At mid-point is delegation, whereby some decision-making authority is transferred although the central state still reserves control over key aspects of policy. At this level, power transfer can be used as a means of building the capacity of local-level structures in preparation for further decentralization in the longer term. Finally devolution transfers maximum decision-making to subnational governments. Decentralization at this level requires "subnational governments to hold defined spheres of autonomous action, which typically means the use of subnational elections".[28]

Decentralization is often disaggregated along three dimensions: administrative, fiscal and political. Cross-national comparisons reveal that policymakers tend to pursue different combinations of reforms along these three dimensions. Administrative decentralization reforms focus on the "institutional architecture – structure, systems and procedures – that supports that implementation and management of those responsibilities under the formal control of subnational actors".[29] Apart from shifting responsibility for public functions from the national government and its centralized agencies to civil servants located on site in local communities, administrative decentralization should ideally entail devising mechanisms for working with key local traditional authority structures. Fiscal decentralization expands the right of subnational governments to levy additional taxation or legally empowers them in formulating expenditure policies. Reforms along this dimension may expand the fiscal capacity of the state for extracting taxation while also enabling the provision of services that match community preferences. Finally, political decentralization entails "democratically elected regional or local governments that are designated full or shared authority over certain policy areas or resources".[30] Changes on this front take effect through amendments of constitutional clauses and/or local administration law, in addition to electoral reforms. Even though political decentralization has gained currency as the most vital dimension of decentralization reforms, empirical assessments show that it constitutes a necessary albeit insufficient condition for full-fledged devolution.

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[24] Oxhorn, 2010.

[25] Wilson, 2006.

[26] Ibid.

[27] USAID, 2009b, p. 9.

[28] Ibid., p. 10.

[29] Ibid., p. 15.

[30] Hankla and others, 2011, p. 4.

While the creation of subnational elected governments may create incentives for decision-makers for greater responsiveness and open space for voter accountability, the prevalence of patron-client relations, weakness of political parties and/or relative strength of traditional authorities may undermine democratic local practices.

E. Decentralization in post-conflict settings

There are mixed opinions about the degree to which decentralization can maintain national integrity in fragile post-conflict polities or where state institutions collapsed. Indeed, there is a rich debate among practitioners and analysts over the potential benefits as well as risks posed by the transfer of power, authority and resources to subnational government institutions during war-to-peace transitions. Those who advocate local governance reforms point to the experience of Spain as a successful model of decentralization for stabilizing post-conflict polity (box 1).

In fact, the literature advances three major arguments in support of decentralization. Firstly, shifting the balance of power from the central to subnational levels during the reconstruction phase allows for the reconstitution of state legitimacy. For instance, Brinkerhoff views reforms of local government structures as a vehicle for gradually "expanding participation and inclusiveness, reducing inequalities, creating accountability, combating corruption and introducing contestability (elections)".[31] Governance reconstruction centred on rebuilding legitimacy at the local level is particularly important given that it is the cornerstone for national reform efforts focused on re-establishing security as well as rebuilding state effectiveness.

Secondly, decentralization can support peace building both by mediating differences as well as allowing for the integration of communities. According to a 2010 World Public Sector Report, "when local governance structures exist, citizens and groups can articulate their interests, mediate differences, receive services and exercise legal rights and obligations. Increasingly, decentralization is also regarded as an effective instrument for building and sustaining peace".[32] Along parallel lines, Heijke and van den Berg favour carefully crafted decentralization reforms as a vehicle for integration of communities on the basis of citizenship and participation. In their view, "decentralization can best be organized in a way, that it provides local governments with the incentive, the mandate and the capacities to be a strong actor in support of peace and peace building".[33]

Thirdly, decentralization can facilitate the growth of bottom-up governance initiatives, as well as cementing national ownership of reconstruction processes by stakeholders. Call and Cook argue that identifying local voices and carefully integrating them into decision-making through effective local institutions are vital steps for the reconstruction process.[34] While bottom-up approaches to post-conflict governance are often overlooked by international organizations and even local peacebuilding practitioners in the pressure to produce results, they are crucial for establishing lasting peace.

On these bases, some go as far as suggesting that decentralization is most urgent in post-conflict settings. The rationale is that the process may serve both to diffuse conflict and moderate prior polarizing dynamics by redistributing power relations and restructuring state-society relations.[35] Indeed, proponents of decentralization contend that carefully designed reforms can potentially serve to promote a sense of autonomy among citizens, deepen state legitimacy, as well as limit pressures for separatism by diverse

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[31] Brinkerhoff, 2005.

[32] United Nations Department of Economic and Social Affairs, 2010.

[33] Heijke and van den Berg, 2011.

[34] Call and Cook, 2003.

[35] Oxhorn, 2010.

regions or ethnic groups.[36] Vigorous local government structures have the potential for the following: (a) broadening direct participation by the citizenry in elections; (b) diffusing new civic norms and citizenship practices; (c) creating opportunities for development of new local elites with political skills, thereby allowing them to participate in and monitor national politics effectively; (d) broadening the range of policies and alternative strategies of development; and (e) preventing overload of national level authorities at the centre.[37]

Box 1. Decentralization in Spain

Spain has been fairly successful in preserving national unity while decentralizing power to subregional governments. The country has significant regional and cultural cleavages as well as a history of repressing regional identities. Democratic decentralization entailed addressing regional demands for self-rule and, by extension, reinventing the notion of the central state.

Accommodating the demands for self-government from ethnically distinct communities emerged as the most explosive issue in the consolidation of democracy after Franco. This confrontation over democratization was ensured by Franco's attempt to create a homogenous nation, especially in the Basque region. In the post-transition period, this affluent region of northern Spain, which is home to some two million people, had become the focus of the struggle for regional self-rule. In the years preceding the transition, Franco's efforts to annihilate the unique cultural heritage of the Basque people gave rise to the separatist organization Euskadia Ta Askatasuna (Basque Homeland and Liberty, better known as ETA).

Madrid's strategy for addressing subnationalist groups was to assure their leaders, especially such moderates as Josep Tarradellas, the exiled leader of the Catalan regional movement, that their demands for home rule would be honoured. This commitment reflected a belief by the then Prime Minister, Adolfo Suárez, that the survival of both democracy and Spain's geographic integrity were contingent upon successful decentralization. But Suárez made it clear that only a democratic, constitutional framework could provide the legitimacy needed to reform a centralized state structure. This meant that devolution of power to the regions would be preceded by the reorganization of the national political system, including the staging of national elections in 1977 and the approval of a new constitution in 1981.

Among the virtues of Suárez's strategy was that it averted a Yugoslavia-type scenario in which regional agendas, elections and institutions were permitted to submerge and undermine the development of national democratic institutions. In Spain, in contrast, by the time regional identities and institutions began to assert themselves politically and challenge the central government, the nation possessed a resilient and coherent set of national political institutions. They were capable of withstanding not only the ETA's terror tactics but also the military rebellion of 1981, which came on the eve of the granting of limited self-rule to Catalonia, Galicia and the Basque region.

Spain's constitution embodies an exquisitely ambiguous compromise that acknowledges the country's unitary (non-federal) makeup, as well as its multiple "nationalities" and the right of the regions and their peoples to seek home rule. This compromise is unavoidably fraught with tension, given that it aims to satisfy both centralists and regionalists. But it has facilitated Europe's largest process of decentralization in the post-war period. By the mid-1980s, Spain had evolved into a collection of 18 autonomous communities (*autonomías*), effectively making it a federal state in practice if not officially in name. Education, social and cultural policy, law enforcement and taxation are among areas of administration over which Spanish regional governments now have significant control.

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Source: Adapted from Encarnación, 2002. "Spain after Franco: Lessons in Democratization". *World Policy Journal*, Winter 2001/2002, Vol. 18 Issue 4, pp. 35-44.

By contrast, skeptics allege that decentralization potentially constitutes a risk to the very existence of nation-states, particularly in post-conflict societies. In the latter settings, indeed, "decentralization can be

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[36] Bardhan and Mookherjee, 2006, p. 4.

[37] Baldersheim and others, 1996, p. 4.

seen as a distraction from the core task of consolidating central government control, especially the urgent need to strengthen the police force and control revenue collection and fiscal and monetary policies".[38] The success of decentralization reforms as a strategy for sharing power and resources among previously warring regional forces hinges on whether sharing arrangements are perceived as fair by all stakeholders. Granting greater autonomy and voice to ethnic minorities may in fact "harden" subnational identities rather than plant the seeds of inclusive citizenship and the diffusion of power at the local level may even lead to "the intensification of forces for secession".[39] Hence, decentralization could "un-make" nation-states, particularly in developing world contexts where the former are artificial constructs and by-products of colonial legacies.

F. DEMOCRATIZATION AND DECENTRALIZATION

Decentralization has been advocated by development agencies as a mechanism for creating more transparent political institutions, inculcating stronger citizen support for government, and improving democratic participation. For instance, international guidelines by the United Nations Human Settlements Programme (UN-Habitat) on decentralization highlight that "political decentralization to the local level is an essential component of democratization, good governance and citizen engagement".[40] These positive claims on the effects of decentralization on democratic institutions, norms and practices, however, have been widely contested. While analysts recognize that a co-relationship exists between decentralization and democratization, there is no consensus on how the two concepts relate to one another.

On the one hand, many political scientists argue that decentralization helps to deepen and consolidate democracy by devolving power to local governments.[41] In this view, local democratic institutions represent one of the vital mechanisms for the long-term success of grassroots mobilization, whose sustainability hinges on the establishment of inclusive participatory structures that can transmit preferences of citizens to elected officials, who in turn can be held accountable for their performance. Indeed, four major theoretical claims are often advanced by proponents of decentralization as a vital component of democratic change and post-conflict stabilization.

(a) Analysts claim that linkages among citizens and elected officials are strongest at the local level. "Since the link between government actions and outcomes is more clearly observable, citizens should also be able to hold their elected officials retrospectively accountable through voting as well as prospectively influence their behaviour".[42] Although, as detailed in the previous section, the argument has been empirically contested, decentralization is commonly presumed to foster responsiveness, promote transparency as well as raise public trust in government officials;

(b) Several proponents further contend that decentralization potentially opens space for greater inclusion of traditionally marginalized segments of society. Unlike national governments, local-level institutions offer better chances for representation of different segments of society, including women, minority groups and the poor. Furthermore, processes of decentralization may be deliberately designed to give greater voice for municipalities or governorates where historically marginalized communities are based.[43] This opening of greater space through decentralization can potentially address one of the most challenging obstacles to democratic transitions. As Pavol Demes[44] stressed at a recent ESCWA high-level

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[38] Zhou, 2009.

[39] Kulipossa, 2004, p. 770.

[40] UN-Habitat, 2007.

[41] Diamond and Tsalik, 1999.

[42] Selee, 2004, p. 18.

[43] Ibid., pp. 18-19.

[44] Transatlantic Fellow of the German Marshall Fund of the United States, former Foreign Policy Advisor to the President of Slovakia and former Minister for International Relations, Slovakia.

meeting on reform and transitions to democracy:[45] "social actors that bring about change are rarely the ones that join transitional governments and influence decision-making. Frequently, individuals that were in power prior to the transition change their name and appearance and continue to rule and consolidate power. Newcomers often have neither the financial resources nor the experience to compete with them";

(c) As the cradle of democracy, localities can foster greater popular awareness about the role of political debate, the selection of representatives and nature of policies, plans and budgets.[46] Emphasizing the educational value of local democratic institutions, some view the latter as a "seedbed for prospective political leaders to develop skills in policymaking, political party operations, and budgeting", thereby improving the quality of national-level politicians;[47]

(d) Finally, many analysts believe a symbiotic relationship exists between decentralization and participation. Liberals traditionally emphasize that successful transfer of powers and resources to local authorities requires a significant degree of local participation to ensure responsiveness of public policies to community needs, while the very process of decentralization enhances, or creates, institutional avenues for participation by empowering low levels of government with new authorities.[48] By contrast, communitarian democratic theory focuses on the benefits of local governments in deepening participation by creating "natural units for deliberation where citizenship ties are strongest"; and by diffusing political power at the local community level, citizens are empowered to "engage actively in public life, both as a deliberator with other citizens and an interlocutor with elected authorities".[49] Citizens' deliberation fosters not just deeper understandings of public agendas, but also higher capacities at public reasoning and decision-making.

On the one hand, sceptics of decentralization have argued that it may, in fact, undermine nascent democracies and threaten nation-states, particularly in fragile post-conflict societies. Proponents of this viewpoint make three central claims to substantiate their position.

(a) The most common critique of decentralization in the midst of democratic transformation is that it opens room for "elite capture". In this view, devolving powers and resource to lower government tiers poses the danger that local elites are able to use their influence and resources to maintain control over local governments and "capture" benefits of decentralization.[50] Indeed, the small scale of communities tends to undermine individual liberties by enforcing social conformity and, moreover, to discriminate in favour of well-connected constituencies. Hence, reforms may backfire by limiting political freedom, as well as making local government institutions less accountable and responsive;

(b) Another risk of decentralization is its potential for undermining the coherence of national political communities. In relatively homogeneous societies, the fragmentation of decision-making structures may undermine welfare outcomes at the national level and can even be detrimental to the fiscal health of states. Unless accompanied by re-distributional measures, fiscal decentralization may strengthen the resource base of wealthier local and regional governments at the expense of poorer ones, thereby creating new divisions based on differential access to social services and employment opportunities across the nation;[51]

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[45] ESCWA High-level Meeting on Reform and Transitions to Democracy Beirut, 15-16 January 2012.

[46] Kulipossa, 2004, p. 768.

[47] Ibid.

[48] Bergh, 2004, p. 781.

[49] Selee, 2004, p. 29.

[50] McConnell, 1966.

[51] Selee, 2004, p. 19.

(c) Analysts have also raised concerns that decentralization may reinforce inequalities. Reforming state structures may have differential impacts on the ground given that, in many cases, some people are better positioned to respond to opportunities created by the redistribution of power to lower ties of government. Economic inequalities often translate into unequal access to the legal system, police protection and political influence. In these contexts, patterns of intermediation by political brokers emerge whereby the poor can only indirectly access their basic citizenship rights and traditional hierarchies are reinforced. Political participation may also be undermined by patron-client relations whereby poor citizens exchange their votes for favours or cash by influential candidates.

G. Decentralization post Arab uprisings

The discussion above highlights that there are no definitive proofs that the ambitious goals of decentralization are reconcilable, or that it constitutes crucial components both for democratic change as well as political transformations in post-conflict societies. Nonetheless, there is a pressing need to explore the potential for implementing reforms after the Arab uprisings in the light of three empirical trends.

Firstly, while the expressed goals of popular mobilizations in 2010-2011 have been around issues of "bread, freedom and social justice", local issues as well as state restructuring have quickly emerged as vital priorities for policymakers. On the one hand, Libya and Yemen have struggled with weakening central governments and/or demands for adequate representation of ethnic/tribal groups. On the other hand, Egypt and Tunisia have faced grassroots demands for greater local transparency and more balanced development across regions, respectively. In addition, social movements explicitly calling for governance reforms in this area have emerged over the past two years. Mahliyat, for instance, is a social movement organized by Egypt's revolutionary youth that lobbied the authorities for changes in both electoral and municipal laws to promote greater local transparency, encourage youth participation as well as end patronage practices that have traditionally riddled municipal elections.

Secondly, Arab countries that have witnessed the overthrow of authoritarian regimes in the course of recent uprisings have been struggling with stabilizing their transitions to democratic rule. Exclusive patterns of governance, lack of national dialogues and growing polarization have all contributed to the halting of smooth transitions to democracy. Indeed, at the time of writing, the 30 June revolutionary wave in Egypt, the political standoff between Al Nahda and the opposition in Tunisia, the failure of national dialogue in Libya, as well as Yemen's uncontested elections all cast doubts over the direction of political change in these countries. Indeed, almost three years after the Jasmine revolution in Tunisia, none of the Arab transition countries seem to be on their way to consolidating newly emergent democratic systems. Public opinion polls in 2012-2013 reveal that 40 per cent of the region's populations agree with the statement that "societies are not ready for practising democracy". Interestingly, citizens in countries that have experimented with electoral democracies following decades of autocratic rule were more likely to deem democracy premature for their societies. In Egypt, Libya, Tunisia and Yemen, those who agreed with the statement were in fact higher, reaching 41, 53, 58 and 41 per cent, respectively.[52]

These patterns highlight the vital importance of decentralization reforms for stabilizing, as well as eventually consolidating, democratic transformation. Indeed, some studies have drawn a link between growing dissatisfaction with democracy among citizens of developing countries in recent years and the lack of empowerment at the local level.[53] This reflects the fact that in most new democracies, conflicts over the expansion of citizenship rights create pressures on newly established institutions. Decentralization, during the early phases of political transition, thus carries implications for the degree to which state institutions may effectively respond to increasing citizen demands.[54] Similarly, some argue that, in order for democratic

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[52] Arab Centre for Research and Political Studies, 2012.

[53] Diamond and Tsalik, 1999; and Grindle, 2000.

[54] Oxhorn, 2010; and Bergh and Jari, 2010, pp. 1-7.

consolidation to take root, citizens need to develop a stake in the running of their communities. There is a tendency for citizens who value their participation in subnational governments to be less likely to support reversal to authoritarian rule or non-democratic regime changes at the national level.

Thirdly, the vacuums created by the withdrawal of state institutions in the wake of uprisings have bred new forms of community self-governance and local-level grassroots activism in the region. By establishing such volunteer-based entities as local popular councils (LPCs), new civil society actors have succeeded in reconstituting order and authority in their neighbourhoods. As public order was gradually restored and local government authorities resumed their operations, some of these initiatives have transformed their objectives to advocacy and extracting concessions from the state. Nonetheless, they do not offer an alternative to democratically decentralizing local governments. Studies show that new local initiatives tend to lack institutional sustainability as well as accountability to community members. In some instances, these initiatives also lacked representativeness owing to the exclusion of women, or ideological hijacking designed to mobilize political parties.

On these bases, there is a need to focus on the political process whereby local preferences and needs are identified and responded to by policymakers, as opposed to depoliticized forms of empowerment through community inclusion in public policy formulation. In other words, the emphasis is on reforming local government bodies by redistributing power, authority and autonomy to lower tiers of the State apparatus. Furthermore, participation is understood in conventional terms as the active engagement of citizens with local state institutions through voting, election campaigning and collective policy lobbying. This emphasis on reforming local authorities and conventional participation is timely given that strengthening participatory initiatives by civil society actors, outside local government institutions, has in some cases neither resulted in greater responsiveness nor higher accountability. In fact, empirical evidence indicates that the proliferation of parallel institutions may have overshadowed local government institutions, thereby undermining their ability to serve public interest.[55]

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[55] Ribot, 2007, pp. 43-49.

II. LOCAL GOVERNMENT STRUCTURES IN ARAB TRANSITION COUNTRIES

Following waves of popular mobilization since late 2010, several Arab countries seemed on the brink of fundamental political transformations. For some, overhauling the state's apparatus and introducing governance reforms at the local level constituted definitive factors for the future of newly emerging polities. A closer look at ongoing policy debates over local government reforms reveals considerable variations. Some countries are facing serious dilemmas owing to the fact that empowering local-level state institutions would require an initial step of disentangling them from the legacies of the former ruling parties that had dominated political arenas for decades. In other countries, the weakening of central level authorities and de facto strengthening of tribal or regional-based structures following the uprisings necessitate reconfiguring power relations within the state in the opposite direction by granting central governments greater powers and resources.

This chapter sets the context for discussion by examining decentralization reform records in Arab countries, focusing on political, administrative and fiscal decentralization initiatives. It aims to highlight some of the dynamics that have served to limit serious restructuring of state institutions prior to the onset of Arab uprisings. The chapter also takes stock of the local government structures in Arab transition contexts and highlights evolving visions, debates and tensions over the future structures of the states undergoing political transformation.

A. OVERVIEW OF DECENTRALIZATION PATTERNS IN ARAB COUNTRIES

Despite pressures for greater decentralization of state structures, policymakers have been cautious to adopt reforms in this area. Comparative studies show that, while reform records varied slightly across countries, overall, the region is highly centralized relative to other parts of the world.[56] Within the framework of unitary government systems, subnational administrations are often appointed and unrecognized in constitutions. The notable exception is Iraq post the war of 2003, where the state has been reorganized on a federal basis of administrative and financial autonomy of local authorities, including regional and municipal councils.[57]

Nonetheless, most Arab countries have recently moved to officially establish or strengthen local and intermediate levels of government. As observed by ESCWA in a study in 2001, significant restructuring of state power has been initiated in recent years across virtually all Arab countries.[58] Cursory analysis of decentralization patterns in the region reveals that there is room for refining and deepening decentralization reforms, given their top-down nature, uneven implementation, technical approach as well as governance traps they have created in many cases.

Reforms geared towards decentralizing Arab national structures were often designed and implemented top-down, with little consultation with local actors. All countries in the region have enacted "decentralization from the top" using the governorate (*muhafaza*) system, whereby some administrative and management responsibilities were delegated to lower tiers of government. However, "when functions and responsibilities are reassigned from central to local governments, the latter often find that their responsibilities are not matched with the necessary resources, authority or leverage".[59] Indeed, the process has often amounted to de-concentration, by which central governments typically "relocate and disperse their agents" on geographical bases, "from the capital down to regions, provinces, cities, and districts".[60] De-concentrated

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[56] Tosun and Serdar, 2008.

[57] United Cities and Local Governments, 2009, p. 112.

[58] ESCWA, 2001, pp. 4-5.

[59] Ibid.

[60] Ibid.

units of the central government provide most of the public services, including health, welfare and education, under strict supervision of the central government. This has resulted in the lack of strong local-level leadership (meaningful resources, legal powers and autonomy in decision-making) while only allowing for marginal scope for participatory community-led development.[61] Aside from undermining popular confidence in local authorities, top-down reforms have also neither resulted in improving the state's infrastructural powers nor instigated shifts in state-society relations nor created an environment more conducive for economic growth. In post-conflict settings, the absence of a national consensus based on inclusive participatory processes settings often meant that decentralization reforms backfired by raising risks of state fragmentation, territorial secession and heightened conflicts.[62]

Lack of clear, long-term political vision for state restructuring has translated into selective and uneven reforms. As one regional assessment observed: "In every case, no choice appears to have been made between decentralization and centralization, but elements from both systems have been adopted, with changes often being introduced on a trial and error basis".[63] Despite more than three decades of reforms, policymakers are continuing to face challenges of identifying not just the functions best performed at the local level, but also the resources needed. For instance, recent findings from Egypt indicate that capacity-building of local authorities systematically targeted high-ranking officials, who were typically close to retirement age. As a result, efforts at upgrading decision-making and management skill levels had a limited impact and lacked sustainability. In addition, the design of effective monitoring mechanisms by the central state has been on the forefront of challenges to policymakers in the region who are wary of the potential drawbacks of full-fledged decentralization. These dilemmas are not unique to ESCWA member countries; rather, they reflect the "paradox of decentralization", which highlights that the latter ironically demands more centralization, in particular domains, as well as sophisticated skills at the national level.[64]

Decentralization reforms assumed a technical character and were divorced from programmes geared towards strengthening NGO actors, or improving governance capacity in general. Indeed, the region's track record stands in stark contrast to global best practices that call for "explicitly situating local governance reforms within broader political and institutional reforms", including elections, support for the judiciary, political parties, security sector reform or anti-corruption systems.[65] Instead, policymakers often initiated narrowly defined interventions to strengthen subnational government actors, including by enhancing service delivery, drafting legislation or capacity-building of civil servants. The drawbacks of the strictly technical approach focused on supporting local state actors is that it overlooks the vital linkages among state restructuring, on the one hand, and nation-building, peacebuilding as well as democratic reforms, on the other. As a result, the thrust of decentralization reforms has failed to create processes and structures that generate inclusive mutually empowering relations among state agencies, local communities and citizens.

"Governance traps" have emerged owing sometimes to the above-mentioned reform patterns of technical, partial and uneven decentralization, whereby local officials in a few sectors were designated only implementation powers without effective accountability mechanisms.[66] In fact, decentralized units in the region (generally municipalities) typically perform a limited number of such functions as street paving and maintenance, construction of local roads, street lighting, garbage collection, library and park services, and issuing construction permits. Citizens not only continued to expect service delivery from national, as opposed to local officials, but even typically voted in national elections on the basis of the candidates' capacity to deliver services, and not their party programme or capacity for policymaking. Vicious cycles that

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[61] Jari, 2010, p. 25.

[62] UNDP, 2010, p. 18.

[63] ESCWA, 2001, p. 4.

[64] Tendler, 1997, p. 143.

[65] UNDP, 2010.

[66] Devarajan et al., 2007, p. 103.

undermine decentralized governance have been created by the fact that local administrators are not effectively held accountable to citizens and that national politicians typically have incentives to restrict the powers of subnational actors to guarantee their re-election.

<center>B. TAKING STOCK OF LOCAL GOVERNMENT STRUCTURES IN TRANSITION</center>

Do countries in political transition share more or less similar local government structures? What are the plans for reform in this area and are states likely to converge? By taking stock of local government structures and proposed reforms in Libya, Tunisia and Yemen, the following seeks to reflect on these questions.

<center>1. *Libya*</center>

By August 2013, political actors in post-Qaddafi Libya were unable to draft a new constitution despite local efforts supported by international and regional organizations, including donor and United Nations agencies. Consequently, the future of the country and its political system remain unclear. However, the discussion regarding the envisioned political system includes views supporting full federalism to those supporting administrative decentralization, while those supporting a centralized system or, at the other end of the spectrum, full cessation, remain in the minority.[67] At the same time, the country is effectively composed of many de facto self-governing towns and cities, overseen by a weak central authority, as a result of the collapse of the highly centralized Qaddafi regime in the wake of the 2011 uprising.

The federal system in Libya was abolished in 1963 to be replaced by a unitary centralized government that abandoned the historical divisions of Cyrenaica, Tripolitania and Fezzan, and replaced it with ten governorates. Qaddafi did not immediately abolish this system; rather, he let it evolve over time with several attempts at restructuring. Since 2007, the main administrative divisions have become the 22 districts (*sha'biyah*) which are similar to governorates. Districts are further subdivided into Basic People's Congresses (*mu'tamarsha'biasasi*, or BPCs). There are 380 BPCs that are each run by a ten-member committee.[68]

The above-mentioned restructuring attempts were based on Qaddafi's theory of "Popular Administration" and advocated people's participation in all stages of the administrative operations, replacing government bodies with "administrative people's committees" and assuming a new role in executing popular congresses decisions, and choosing administrative leaders directly instead of elections or appointments by higher authorities.[69] *Sha'abiyyat*, the Arabic plural of *sha'abiyya*, was the locality conglomeration, and the cornerstone of the "Popular Administration".

In practice, however, the Qaddafi regime actually relied more on patronage networks to co-opt different groups or powerful extended families, often devolving some local powers and decision-making, while retaining veto powers as well as the ability to impose its will on all issues. These "allies" received most of the wealth, particularly from oil revenues. Meanwhile, the former regime focused its development and infrastructure on Tripoli, while neglecting other cities and regions to a large degree. In a way, this symbolized the highly centralized system and its ability to control the country. Furthermore, the Qaddafi regime that adopted a special brand of socialism monopolized the labour market, implemented far-reaching subsidies and cracked down on private enterprise, thereby leaving the Libyan population with a deeply entrenched cultural and economic dependence on the state.[70]

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[67] Forum for a Democratic Libya, 2013, pp. 8-10.

[68] United Nations Division for Public Administration and Development Management and Department of Economic and Social Affairs, 2004.

[69] Al-Qaddafi, para. 28.

[70] Abdulhadi, 2013.

These policies, in addition to the regime's coercive use of force, provided the main drivers for the 2011 uprising against the regime and resulted in its violent collapse. However, they also led to deep mistrust between the residents of the different parts of the vast country, on one hand, and the central government, on the other. Afraid of regressing to economic, social and political marginalization, some residents and officials in cities and regions that suffered from such marginalization during the Qaddafi era have been pushing for a decentralized system, manifested in its extreme cases by calls for autonomy or even secession. Cyrenaica, the most easterly province and home to most of the country's oil industry, has been among the most vocal in pushing for autonomy, which has created tensions with Tripoli. In August 2013, a major international commodities trading house claimed that it received an offer to purchase oil outside official channels. The government was infuriated and threatened to "bomb from the air and sea" any tanker illicitly taking oil out of the country.[71]

Yet, calls for decentralization are also shared by most political leaders in the country, including the former interim Prime Minister, Abdul Rahim el-Keib, who attested that the best way to defuse the crises in the country was to increase decentralization by empowering municipalities and provinces, and moving a number of government companies to marginalized regions.[72]

Furthermore, the policies implemented by Qaddafi served to reinforce regional and tribal identities at the expense of national ones. In a country where tribalism and regionalism have always played an important role in the political dynamics, these identities only soared during and after the uprising and served to exacerbate internal tensions among the Libyan population.

This state of affairs facilitated the formation of local councils by the National Transitional Council to run the cities that were under its control during the uprising. This was out of need, given that the *sha'abiyyat* were in effect, or at least viewed, as the local representatives of the regime; and by the time the opposition controlled each city or town, these entities had disappeared altogether along with the police and all other manifestations of the state.

Notwithstanding a number of local council elections that took place in 2012 (Benghazi, Misrata and Sabartha), these councils were organized locally, often under local rules, and their membership was comprised of respected members of the society who tasked to run civilian and administrative affairs, while security was overseen by local military councils and militias. In practice, therefore, local councils have been running cities and towns, especially in the absence of any alternative to organize and govern people's lives. However, local militias, particularly those that formed the rebel army against the Qaddafi regime, retain power on the ground and are the most influential players on the Libyan scene.

Meanwhile, the interim government struggles to establish a new state, a new constitution and provide services to the population in the midst of financial, political and security crises, including the integration of the armed militias into the police and military. Its ability to impose its will is mainly limited to Tripoli (and to a lesser extent Benghazi). While the government established the Ministry of Local Affairs to oversee all local councils, its relation with these councils remains flawed, owing to mutual mistrust and political turmoil.

The local councils receive limited funding from the central government, impeding the local council's ability to accomplish much. This could be attributed to the fact that the government does not trust them, believing that they might pocket the money or use it to further entrench de facto autonomy.[73] This further increases mistrust on the side of the local councils which also fear government attempts to restore the highly

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[71] The Economist, 2013.

[72] See interview with Prime Minister in Sotloff, 2012.

[73] Aliriza, 2013.

decentralized decision-making. Local councils are supposed to be dissolved upon the formulation of a new constitution and the conduction of municipal elections in Libyan cities and towns.[74]

The situation in Libya in 2013 can be viewed as witnessing a collapsed state, trying to rebuild its apparatuses and impose its power on a country marred with chaos and armed non-state actors. At the same time, local towns and cities have, in effect, been running themselves for over a year and retain an inherited mistrust of the central government.

This leaves Libya with a unique model where the central government will, at some stage in the future, have to negotiate with the various tribes, towns and cities, their local councils and militias, and to convince them to restore some of the governance functions and mandates to the central government. The government, which also adopts the vision of a decentralized system of governance, needs leverage to convince these councils and militias, whose mentality remains that of revolution. This leverage can be financial, military and legitimacy – all of which are missing at this point. The current status quo is, therefore, expected to prevail in the foreseeable future, continuing a culture of self-governance in most Libyan cities and towns.

2. *Tunisia*

The trigger for the Arab uprising in Tunisia is often traced back to socioeconomic disparities across the country, where the coastal areas were historically privileged. While there is an emerging debate over the relative importance of political versus economic drivers of popular mobilization in Sidi Bouzid and neighbouring Gafsa, addressing territorial marginalization and reforming the country's governance system have emerged as priority areas for policymakers after the uprisings. Proposed amendments to the constitution have focused on streamlining the governance system, as well as strengthening accountability mechanisms at the municipal and governorate levels (box 2). Even as the process of constitution-writing became more politically contentious and social movements mobilized under the umbrella of "let's write our own constitution" to propose an alternative vision, decentralization remained a vital demand by reformers.[75] Nonetheless, evidence from the field points to the tendency of the decentralization reform agenda to become increasingly elite-led.[76] This owes partly to the fact that Tunisia has had a relatively decentralized multi-tiered governance system that did not provide for de facto redistribution of power to local actors. The combination of inadequate resources as well as the concentration of power in the hands of local chapters of the ex-ruling new Destour party have detrimentally hollowed out the functions of local government units, while undermining citizens' trust in local-level authorities.[77]

Tunisia's 1959 constitution includes a chapter on decentralization. Under the title, "Local collectivities", regional and municipal councils, and other structures are considered as local collectivities that "manage local affairs in the conditions of the law".[78] Indeed, the country has developed a two-tiered local government system consisting of 24 governorates and 264 municipalities.[79]

At the governorate level, the highest executive power is formally held by the representative of the central government, namely, the governor. With the transfer of services provision to the governorate level, the governor has assumed greater administrative authority at the sub-central level. Nonetheless, the limited de facto fiscal decentralization has rendered service delivery dependent on financing from the central

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[74] Ash, 2013.

[75] Medien, 2011.

[76] Based on field mission conducted in April 2013.

[77] Ibid.

[78] Dafflon, 2013.

[79] Tunisia's constitution also refers to the region as a territorial collectivity. However, given the territorial overlap of regions with governorates and the lack of specific mandates or powers, they are not considered as a separate tier in this study.

government. The governor is appointed by the President, and while he wields official executive powers, the governor operates under the authority of the Ministry of the Interior and Local Development. Technically, he may also receive instructions from other cabinet members.

Box 2. Local government reform in Tunisia's draft constitution of June 2013

- The Tunisian Revolution brought new demands for democratization and liberties. Since the collapse of the Ben Ali regime, the question of decentralization has emerged as an important area of governance reforms;

- The draft constitution states that the state is obliged to "apply decentralization" intended to "support development opportunities". Nonetheless, the draft constitution repeatedly stresses the unity of the Tunisian nation-state while not clearly specifying the nature of the state;

- Transferring powers by central and regional government tiers in favour of municipal level. Nonetheless, the document does not clearly outline the vertical lines of accountability. Rather, it empowers administrative courts to check if the decisions taken by the local councils are legal, legitimate and in conformity with the competences of the local authority;

- Finances will be subject to judicial review by the Cour des Comptes, the Tunisian court of accounts;

- The Constituent Assembly attempted to streamline the local government system and address economic disparities across regions, which have been considered among the central drivers of the uprising. Among the proposed amendments are: extending municipal status on all the territories, lowering disparities between municipal zones and non-municipal zones, giving legal personality to local councils, and election of their presidents by the council members.

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Source: Doustourna.

The governor's powers were relatively expanded with the legal act of 1989, in addition to some amendments in 2006. Aside from supervising other local agencies, his mandate encompasses regional planning, land management (not including communal areas), programming of upcoming projects, and cooperation among local entities. In performing their responsibilities, governors consult with the recently introduced local development councils, composed of appointed members from other local territorialities as well as regional councils.[80] The latter are formally empowered to elaborate development plans at the governorate level, provide input on projects established by the government and establish regional development programmes. They are also in charge of coordination among regional and national programmes, as well as foreign institutions. Regional councils are composed of elected deputies from the governorate's constituency as well as indirectly elected mayors at the municipal level. Nonetheless, the fact that these bodies are headed by the governor severely undermines their autonomy.

The second tier in the government structure is the local administration level, which predominantly includes municipalities, as well as a few recently introduced villages, or non-communal territories. The municipal layer is headed by the mayor, who is elected from among town council members with the notable exception of Tunis, where he is appointed by the central government. Being in charge of the interests of their municipalities, mayors prepare and monitor the budget, and draw up contracts. Mayors are vertically accountable to the Minister of Interior, who has the power to dismiss them from office. As for town councillors, they are directly elected by proportional representation, organized through a party list system whereby 50 per cent of the seats are allocated to the list obtaining the highest number. Remaining seats are distributed among party lists with more than 3 per cent of the vote.

Formally, the town council is in charge of a wide range of policy areas, including administration and finances, land management, health and environment, economic affairs, social welfare, sport, culture, and

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[80] Dafflon, 2013.

foreign relations. Nonetheless, municipal resources are severely limited; a fact that undermines their capacities to deliver public services.

Since 1997, several reforms have been undertaken aimed at enhancing local authority revenue, raising powers through the introduction of new charges and taxes on land as well as on such economic activities as industrial, commercial professional establishments and hotels. Nonetheless, the degree of local authorities' financial autonomy has remained limited. This reflects the unevenness in the development of the state extractive capacity across regions, with some areas facing major challenges in raising revenues owing to the lack of administrative resources and widespread informality.[81] In many instances, local authorities could not effectively introduce new fees in line with official reform steps. As a result, public services have remained predominantly financed by transfers from the central government. Finally, transfers from the central government seem to have reinforced, rather than moderated, territorial inequalities. Indeed, 41 per cent of transfers are allocated according to revenues raised from real estate taxes over the past three years and 10 per cent are distributed evenly across municipalities, while only 4 per cent are redistributed to lower territorial inequalities.

3. *Yemen*

The ouster of former President Ali Abdallah Saleh in 2012 came in the wake of a popular uprising and a regional initiative by the countries of the Gulf Cooperation Council (GCC). As part of the latter, a National Dialogue Conference (NDC) was established to resolve several pressing issues and challenges facing the country, ranging from the system of governance to the contentious question of South Yemen. The Conference has been commended for its unprecedented inclusive representation of the entire spectrum of Yemeni society, including secessionist forces and youth.

By August 2013, it was clear that the emerging consensus among the parties in the NDC was towards establishing a more decentralized system in the country.[82] However, the level of decentralization was still being debated. Beside advocates of the full secession of South Yemen and the Saada Province, positions ranged between those pushing for a federal system and others calling for minimal changes in the prevailing formally decentralized local governance system, as installed by the former regime.

The above-mentioned consensus on decentralization is tightly linked to other issues that actually constitute the two main underlying dynamics shaping Yemen's political system and institutions: the issue of South Yemen and the tribal dimension of Yemeni society, both of which are interlinked and played major roles in the mobilization of the uprising against the regime of Ali Abdallah Saleh. In addition, they continue to pose serious challenges in the process of restructuring and reforming the state.

While the question of South Yemen incorporates a tribal dimension, it remains mostly embroiled in the apprehension of southern Yemenis towards Sanaa and the central government, which they perceive continues to deliberately marginalize their region as a punitive and co-optation policy after the Unification War of 1990.[83]

Although this poses a significant challenge to reconciliation and state-building in Yemen, the main challenge to decentralization can be linked to the tribal system in the country. Yemeni tribes have become powerful and influential over the past centuries owing to the absence of a centralized state that could effectively reach the rural mountainous regions of Yemen. Small tribal states were formed with elected leaders that governed in both local and external affairs, functional legal systems and a set of

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[81] Ibid.

[82] Yemen News Agency, 2013.

[83] At the end of the Unification War, troops of then North Yemen (Yemen Arab Republic), led by Ali Abdallah Saleh, overran South Yemen (People's Democratic Republic of Yemen) and merged them into the current country.

institutions/mechanisms designed to prevent conflict. Moreover, tribes were able to tax local populations and retained a near exclusive power over the use of military force within that tribe's territory. In practice, each tribe functioned as its own nation;[84] and, to a large degree, still do.

Upon his assumption to power in 1978, Saleh opted to use strategies to buy the loyalty and support of the Yemeni tribes, understanding that these tribes were the key to ruling the country. He overtly announced this conviction in 1986: "The State is part of the tribes, and our Yemeni people are a collection of tribes".[85] He was later able to co-opt the powerful tribes in Yemen through the direct disbursement of cash and other in-kind allowances to tribal sheikhs through the Ministry of Tribal Affairs and by symbolically "employing" thousands of tribal members. A number of analysts attribute the monumental scale of corruption in Yemen largely to this vast patronage network instilled by the former President as a pillar of his governance strategy during his 33-year rule.

Following the unification of Yemen in 1990, Saleh shifted focus on consolidating his power through various strategies. Law 52 of 1991 was passed which decreed the establishment of local councils with elected and appointed members. However, this Law did not come into actual implementation until Law 4 of 2000 was passed, owing partly to pressure from international donors and development actors, but more importantly given that it was viewed as a means to institutionalize the tribal patronage network.[86] In theory, this Law was based on "limited decentralization principles", where representatives in local authorities are mainly elected, and joined with a few appointed members. The Law provides the local councils with decision-making, developmental and supervisory roles; and, according to which, Yemen is divided into 22 governorates and 332 districts.

While donors and other international bodies believed that decentralization and divulging more authority to the local level would help develop the state and slowly erode the firm grip of the tribes, the first local elections that took place in 2001 resulted in further consolidation of tribal dominance where tribal leaders and their candidates overwhelmingly won the elections.[87] Local councils therefore became an additional vessel for the tribes to project power of influence not only within the regions themselves, but also on the central government itself through official channels. Furthermore, tribal leaders were able to collect more rents from the central government through the local councils in the form of development funds and employment of their kin.

Actually, this type of corruption, coupled with other factors, resulted in an economic downturn for Yemen, leaving it as one of the poorest countries in the world. This, in turn, resulted in the inability of the regime to sustain its rates of rent distribution and, consequently, it started to lose the support of the tribes in spite of attempts to gain their support through other means. The loss of support was first manifested in a series of security incidents in various areas in Yemen, culminating in the insurgency in Saada by the Houthi tribes. Hence, when the Yemeni uprising started in February 2011 by youth in Sanaa and other urban centres, a number of tribes joined the revolt, thereby providing the momentum needed to overthrow the President.

This exemplifies the power retained by the tribes and the tribal nature of the Yemeni society itself, which cannot be ignored by the NDC or any other actor in Yemen. Some analysts argue that the failure of the above-mentioned decentralization and local governance experience can be attributed to Saleh's practices that aimed at retaining power, thereby contaminating the relation between the tribes and the central government. Others, however, believe that as long as the central government is unable to exert power and provide needed funds, and remains complacent towards the Yemeni tribes, especially given the harsh terrain and a history of

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[84] Egel, 2010, pp. 5-8.

[85] Al-Majallah, "Interview with His Excellency the President" Al-Majallah 1986 (October 347, 1-7). Available www.presidentsaleh.gov.ye/shownews.php?lng=ar&_nsid=1897&_newsctgry=4&_newsyr=1986.

[86] The law was later amended in 2008.

[87] Boucek, 2009, pp. 19-20; and Allayah, 2013.

self-rule, the tribes will always see their relationship with the central government as a one-way stream. It should be noted, at this point, that the functioning systems that the Yemeni tribes instilled themselves could provide a new basis for a local governance model that can be part of a modern State.

In sum, analysing the Arab region's decentralization reform records reveals their top-down, fragmented as well as limited nature. Arab countries could well be considered overly centralized when compared to other regions. Nonetheless, as discussed above, generalizing about centralization across the countries under study misses several significant nuances. In fact, state-formation processes, power maintenance strategies by regimes and the nature of ongoing transitions have all created distinct trajectories for state reform. Tunisia, for instance, is clearly more centralized than Libya or Yemen. Specifically, while decentralization is a popular demand, reforms remain elite-driven geared towards limited goals at least in the short term. By contrast, Libya and Yemen are more likely to witness major changes in their governance system given that uprisings have opened windows of opportunity for non-state actors at the local level to assume de facto greater power, autonomy and authority. As a result, governance reforms in these contexts will likely entail the recentralization of some powers in order to consolidate national institutions. Finally, the analysis indicates that nation-states are more dynamic than regularly assumed by analysts. Countries in the region have experienced fluctuations in the degrees of power centralization, and contextual factors do matter in shaping the evolution of local government structures over time.

III. LOCAL GOVERNMENT STRUCTURE IN EGYPT: AN IN-DEPTH LOOK

As the most populous Arab country, Egypt has long been considered a trendsetter in the region. Following the revolution of 25 January 2011, many commentators stressed that the success of reform initiatives in Egypt was likely to set the tone for reforms elsewhere and influence the long-term development of the region as a whole. Given the historical prevalence of policy diffusion effects across the region, whereby many Arab countries adopted largely similar institutional and policy frameworks, the case of Egypt is particularly important to examine. The following two chapters offer an in-depth examination of the country's experiences to take stock of the prevailing local government systems and extrapolate emerging debates over decentralization reforms in states with historically cohesive national identities.

A. THE EGYPTIAN CONSTITUTION AND THE LOCAL ADMINISTRATION SYSTEM

There is a long-standing debate between scholars regarding the origin of the Egyptian local administration system, which has resulted into three different theories.[88] On the one hand, it is argued that the existing system is similar to a great extent to the one founded during the pharaonic era. On the other hand, it is suggested that the foundation of the system originates from the French campaign in Egypt and the decisions taken by Napoleon to establish governorates, known at that time as *Dawawean*. The latter literature claims that the real start occurred at the end of the nineteen century with the creation of governorates councils (*Magalas al-Moderayat*) and cities councils, of which the Alexandria city council, established in 1890, was the first.[89]

While the origins of the Egyptian local administration system are disputed, there is almost a consensus among specialists that the constitution of 1923 was the first that gave a constitutional recognition to local government and recognized governorates, cities and villages as a legal person (judicial persons) represented through their councils (article 132). This constriction also stipulated that the councils should be formed through election, except in special occasions, and should be mandated with all local matters of interest to the local residence of these local administrative units (article 133). In addition, the constitution stipulated that the meeting of these councils should be made public and their budgets should be made available to the public. This constitution is considered, by many scholars, as the first comprehensive and progressive constitution for Egypt and, consequently, is often referred to as the "Nation's Constitution". In fact, it remained in effect until the revolution of 1952, with the exception of a short period of time when King Fouad issued the 1930 constitution, only to later cancel it and return back to the 1923 constitution under popular pressure.

The sweeping change that resulted from the reforms adopted by Gamal Abdel Nasser did not have great impact regarding the constitutional framework governing local administration in Egypt. This was exemplified in that the 1956 constitution followed the same path suggested by the 1923 constitution with respect to local administration, particularly with regard to having local units headed by an elected council, allowing the central government to appoint some members who had expertise in local development. In addition, the two constitutions confer the right to the central government to overrule any decisions made by the elected councils if they overstepped their limits or caused damage to the public interest.

Nonetheless, the 1956 constitution entrenched key principals and rights for subnational government, including the right for local tax and fees collection, and the right of local government to receive technical, financial and administrative assistance from the state. In addition, the constitution highlighted the right of the local administrative unities to participate and cooperate with other governmental entities.

In 1971, Anwar el-Sadat succeeded Gamal Abdel Nasser as Egypt's new president. Sadat had the goal of weakening Nasser's ruling one-party system and encouraged the spread of pluralism, democratic reforms

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[88] Abd el-Wahab, 1991.

[89] Ibid.

as well as a stronger legal system. Sadat's liberal economic reforms are referred to as *infitah*, or opening. Indeed, his goal of opening Egypt up was not merely economic; as reflected in the 1971 constitution, it also dealt with political decentralization. Section III, articles 161-3 of chapter III, titled "The Executive", addressed the role of the local administration.[90]

The first paragraph of article 161 mentioned the division of local administrative units as governorates, cities and villages. However, it also permits the creation of a new local administration based on common interest. The second paragraph was added on 26 March 2007 through an amendment proposed by former President Hosni Mubarak. It stated that the principle of decentralization was "guaranteed" and that it was the responsibility of the law to determine the development and management of local services, utilities and other provisions.

Article 162 discussed how popular councils, or people's assemblies, were to be empowered through local election, with half of the membership positions reserved for farmers and/or workers. From within this membership, a local council president and vice-president would emerge via election. In addition, this article highlighted that the gradual transfer of competences from the central government to the elected councils should be undertaken gradually. The last article, 163, asserts that the competencies, financial resources, member status, role in the preparation and implementation of the development plans, and the relationship between the central government and the local councils will be explained in the law.

The revolution of 25 January 2011 brought issues of personal freedoms, social justice and economic empowerment to the forefront. As a result, there were calls for drafting a new constitution that emphasizes the people as a source of state's sovereignty, legitimacy and authority. For local government, this has meant a serious move towards decentralization and engagement of citizens in the decision-making process. On 29 November 2012, a new constitution was approved with more specific mention of local government structure, duties and privileges when compared with previous constitutions. Furthermore, more details on the status of local government are outlined, with several additional articles, namely articles 188-192, dedicated to local assemblies.

In chapter IV of "The System of Local Administration", articles 183-187 cover the local administrative division of the state. Local units are classified as governorates, cities and villages similar to the 1971 constitution, but with the new addition of districts and urban districts (*hay*). The expansion of local units to include newly developed cities or villages is also permitted. In the following article, it is proclaimed that it is the duty of the state to "even out all disparities in living standards" between local units. In addition, all facilities, services and resources required shall be guaranteed and distributed fairly by the state. The principle of decentralization is explicitly mentioned as is the need for local administrative empowerment.

Article 185 addresses tax collection and advances that local units are to support their operations by mimicking the collection procedures of the state. All taxes and fees must be original, supplementary and local in nature. The final two articles of the section discuss the regulatory relationship of the central state vis-à-vis local units. Common interest activities and interaction with external organs of the state are regulated in addition to the selection of governors and other heads of the local administrative units.

The second section is composed of articles 188-192. These articles address age restrictions and term lengths of popular council members. All local assembly elections are to be conducted through universal, secret and direct ballot, including the membership of a president and vice-president. The scope of local governance activities and budget management is defined within the local unit it represents. Lastly, the constitution prohibits the dissolution of local councils as part of a comprehensive administrative procedure, and stipulates that any dissolution or re-election of a council should be regulated by law. In the transitional

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[90] Brown, 2011.

provisions, article 235 stipulates that the existing local administration system shall remain in place, and the system laid down in the constitution should be applied gradually over ten years.

Several scholars and experts in local administration view the 2012 constitution as a progressive step, particularly given that it mentions decentralization as a goal to be accomplished within ten years. Furthermore, there is an explicit stipulation for the central government to provide technical and financial support to local entities in order to enable them to fulfill their responsibilities.

However, several serious concerns were raised regarding the ambiguity of the relationship between the central-level and local-level governments. The constitution also does not stipulate the exact role of the governor or his powers over officially de-concentrated government units. Similarly, his relationship vis-à-vis elected councils remains vague. As for elected councils, the composition of councils has been criticized for allowing membership by executive officials. While these do not have voting powers, critics contend that the introduction of this principle allows the executive authorities to interfere in the decision of the elected council. In fact, both composition and official mandate do not enable them to effectively exercise horizontal accountability or monitoring of local executive authorities. These concerns, in fact, drove the Shoura Council to hold an expert meeting to solicit views over these concerns and discuss the possibility of their amendments.

With respect to the efforts to reform the current local administrative law in line with the 2012 constitution, there have been at least two proposed legal acts following the revolution of 25 January. The first was put forward by a committee formed by Mohamed Bashr, the Minster of Local Development; the second was presented by a committee formed by Tarak Wafeak, Minister of Housing and Urban Communities. The former proposal envisions amendments to the Local Administration Law of 1979, whereby governors assume more executive authorities. In addition, the powers and responsibilities of executive popular councils (EPCs) are strengthened, thereby allowing local representatives to interrogate and withdraw confidence from executive councils, as well as financially supervise special funds. Both proposals have not actually materialized. There are questions, however, regarding the regime's political commitment to decentralization reforms given that neither the governors nor local executive units are going to be popularly elected under the proposed legal revisions. Crucially as well, the proposed law preserves the government's right to dissolve local councils.

B. LOCAL ADMINISTRATIVE UNITS AND ECONOMIC REGIONS IN EGYPT

1. *Local administrative units in Egypt*

Egypt has five local administrative units, namely: governorate (*muhafaza*), district (*markaz*), city, urban district (*hay*), and village local administration. There are 27 governorates headed by governors who are appointed by the President. Governors typically come from military or intelligence career backgrounds and are not native to the governorates they are assigned to lead. However, in recent years before the revolution, a number of renowned academics and candidates with a legislative background were also appointed as governors.

A governorate, which is the main service delivery unit in Egypt, can be an urban governorate, which is made up of two tiers, namely the governorate and the *hay* level; or a rural governorate, which is made up of three tiers. Here, the governorate is divided into 5-16 districts, and is further divided into 1-2 cities and a number of administrative units at the village level. Some governorates are considered hybrid governorates, as they would have a big city that is further divided into a number of *hays*, in addition to districts, and is further divided into one city or more and a number of administrative units at the village level. In the past 10-15 years, most rural and urban governorates started to turn into hybrid governorates. For instance, the Governorate of Alexandria, which was always considered an urban governorate, was transformed into a hybrid governorate when the district of Borg el-Arab, comprising Borg el-Arab city and adjacent villages, was added to it.

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While the governor officially yields considerable administrative powers as the head of executive branch in the governorate, his actual ability to formulate policies is limited. This is the case as local government structures are de-concentrated without policymaking power over sectoral issues. In other words, local structures retain technical relations with respective line ministries in the central government and receive directives as well as resources from the latter.

The district, or *markaz*, is the second-tier local government in rural or complex governorates, and it is headed by a *markaz* chief who is appointed by the Prime Minister. The *markaz* chief reports administratively to the governor and is held accountable by the popular council at the district level.

Cities may be divided into urban districts (*hay*). Urban districts are the smallest local government unit in urban governorates. Districts are divided into sections (subdistricts) or neighbourhoods (*sheyakha*), but are not recognized as an official administrative unit. The city and urban district chiefs are appointed by the Prime Minster, who delegated this responsibility to the Minister of Local Development in 2012 under decree No. 236.

Administrative units at the village level represent the smallest local government units in rural and complex governorates, and they consist of a big village, called the mother village, and a number of smaller villages, as well as a number of hamlets called *ezab*, *nogou* and *kofour*. According to the Ministry of Local Development, there are 1264 local administrative units at the village level, containing 4737 villages and 25,930 *ezab*, *nogou* and *kofour*.[91] The village chief, who is appointed by the governor and reports to the head of the district, is held accountable horizontally by the elected council at the village level.

Law No. 43 of 1979 requires that each local administrative unit should have a local popular council (LPC). The members of LPCs are elected by popular vote every four years. Article 162 of the constitution requires that half of the members need to be workers and peasants. The official responsibilities of LPCs at the governorate level encompass the following: (a) supervising various utilities and activities that fall under the jurisdiction of the governorate with the context of the national public policy; (b) requesting, through the governor, any data related to the activities of other productive and economic units operating in the governorate; (c) approving the drafts of the annual budget and economic and social plans; (d) outlining and approving various plans for local projects requiring community efforts and resource mobilization; and (e) proposing new local taxes and imposing specific local fees and duties.[92]

While the laws empower LPCs in overseeing the budget preparation and implementation as well as service delivery in their jurisdictions, in reality, EPCs have progressively become less powerful than the appointed executive council.[93] They have de facto little capacity to play "any meaningful role in the preparation of the budgets of the jurisdictions they represent".[94] Moreover, their mandate to hold the executive branch accountable is in reality severely limited by the right to call for questioning members of EPCs contingent on the governor office's pre-approval. Most problematically, the governor's legal power to dissolve EPCs and the irregularity of local-level elections have undermined the councils' institutional development and their effectiveness in the eyes of the public. As a result, Egypt's local government institutions could be characterized as administrative or executive in nature, but do not constitute a full-fledged political governance system.

Martinez-Vazquez and Timofeev[95] note that former "President Mubarak endorsed the principle of 'Decentralization for Democracy' in the Presidential 10 Manifesto of 2005 and reiterated calls for deep

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[91] Egypt, Ministry of Local Development, 2011.

[92] Khaled, 2005.

[93] Khaled and Ebel, 2006, p. 16.

[94] Ibid.

[95] Martinez-Vazquez and Timofeev, 2008.

decentralization reforms in his speeches". However, at that time, decentralization also carried the political risk of "providing a platform to [the] Muslim Brotherhood".[96] Post-Mubarak's Egypt has witnessed various political transformations, yet it is still unclear whether policymakers will embark on decentralization reforms.

As highlighted above, Egypt's 2012 constitution did not signal fundamental changes in the local government system. Article 187 makes no guarantees that the procedures for selecting provincial governors and the heads of other local units will be democratic. Perhaps most problematically, the 2012 constitution did not outline a new system of local administration, leaving the task of specifying the powers and responsibilities of these administrative subdivisions to future legislation. At the time of writing, a committee of 50 members has been entrusted with amending Egypt's 2012 constitution following the revolutionary wave of 30 June 2013 and the ouster of President Mohamed Morsi from power. However, local government clauses have not been earmarked for redrafting.

2. *Economic regions and the supreme committees for regional planning*

While economic regions are not mentioned in the constitution, article 161 describes the establishment of administrative units wherever necessary. The first reference to economic regions was in presidential decree No. 495 of 1977, which created economic regions and named a capital for each. The decree established a supreme committee for regional planning in each region, comprising governors, heads of LPCs, chairpersons (to act as secretary-general of every committee), and representatives of the competent ministers selected by virtue of a ministerial decree issued by the competent minister. The decree also established a regional planning authority in every economic region under the jurisdiction of the Ministry of Planning.

In 1979, the Local Administration Law was issued with a chapter dedicated to the economic regions and the regional planning authorities. The main composition of the supreme committee and the relationship between the Regional Planning Authority and the Ministry of Planning remained the same, and the functions of the supreme committee were presented as follows:

(a) Coordinating the plans of the governorates and establishing the priorities suggested by the Regional Planning Authority, which would be taken as a basis for developing alternatives for the plan of the region and in the light of the available resources, locally and centrally;

(b) Reviewing periodical reports to follow up on carrying out the plan, and studying the amendments suggested by the Regional Planning Authority to the plan, according to the circumstances which face its execution. The recommendations issued by the committee would be submitted to the Supreme Council for Local Government.

The roles of the Regional Planning Authority were as follows:

(a) Conducting the research and studies required for specifying the possibilities for the human and natural and resources of the region, the facilities for their development and their ideal exploitation; and proposing the projects necessary for economic and social development of the region;

(b) Starting to prepare the technical machineries necessary for carrying out studies, researches and planning work at the regional level.

There are currently seven economic regions in Egypt: Cairo (Cairo, Giza and Kalyobaya governorates); Alexandria (Alexandria, Behira and Mara Matrouh governorates); Delta (Monufeyya, Gharbeyya, Kafr al-Sheikh, Damietta and Daqahleyya); Suez Canal (Port Said, Ismailia, Suez North Sinai, South Sinai and Sharqeyya); Northern Upper Egypt (Bani Suef, Menia and Fayoum); Asyout (Asyout and New Valley governorates); and Southern Upper Egypt (Sohag, Qena and Aswan governorates).

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[96] Ibid., p. 4.

For the past decade, these committees have been inactive since their role was limited to the presentation of a "wish list" to the ministries and central agencies. Those ministries and central agencies could choose either to select from these projects proposed by the committee or ignore them completely without any overall coordination of all the wish-lists reported above. It has also been reported that there have been conflicts among the governors about the person to be chairing the committee and the venue for holding committee meetings.

As for the Regional Planning Authority, a recent assessment by Abdel Aal[97] to document the challenges facing these authorities in the seven economic regions highlighted that most of the authorities were understaffed and the percentage of the technical staff was relatively very modest. He also found a noticeable gap in the age profile of the staff, specifically absence of mid-career professionals. This has resulted in serious problems related to the transfer of experiences between the generations and maintaining the organizational memory. Moreover, the educational background of the staff was seen as unsatisfactory given that only about 45 per cent of staff held a bachelor's degree or higher.

3. Relationship between central ministries and local administrative units

The relationship between central government and local administrative units in Egypt follows the "principal-agent" model, whereby different local administrative units are considered agents of the central government (the principal). In this approach, the type and nature of decentralization in Egypt follows the administrative de-concentration model, whereby some of the central ministries have established directorates/offices at the different levels of subnational government. These directorates/offices have no real decision-making power, as investment plans and policies are decided at the central level by the respective ministries.[98]

In this regard, it is important to differentiate between three types of ministries and central agencies according to their relationship with local administrative units (figure II).

Figure II. Classification of ministries in Egypt according to their relationship with local administrative units

Types of Ministries in Egypt		
Example of State Ministry	**Example of ministries that did not transfer functions to Local Administration**	**Example of ministries that transferred functions to Local Administration**
Ministry of Admin. Dev. Ministry of Local Dev. Ministry for Scientific Research	Ministry of Tourism Ministry of Industry Ministry of Investment	Ministry of Health Ministry of Education Ministry of Agriculture

Source: ESCWA.

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[97] Abdel Aal, 2012.

[98] Louglin and Nada, 2012.

The first type are state ministries, which mainly perform technical functions at the central level and are not engaged in the execution of major programmes on the ground. It is important to note that the Ministry of Local Development belongs to this type given that it performs functions related to coordination among the different administrative units, and between the administrative units and central government.

The second type are ministries that are mandated to implement activities on the ground and were not required, under Local Administration Law, to transfer any of their competences to the administrative units. To carry out their work, they created de-concentrated offices at the economic region or the governorate level. These offices do not report to the governor, but report technically and administratively to their central ministry/agency. The vast majority of these ministries are mandated with economic development and major infrastructural projects. Examples include, among others, the Ministry of Investment, the Industrial Development Authority (IDA), the Tourism Development Agency (TDA), the Fisheries General Authority, and the General Organization for Development and Agriculture Development (GODAD).

The mandates of these ministries and central agencies can be divided into two main clusters, as presented in figure III. The first represents traditional mandates that are expected from these types of ministries. What is a typical is the second cluster of mandates which are usually performed by regional and/or local government, or at least through cooperation between the central and regional levels. Reviewing the mandates in this cluster illustrates the level of centralization of competences in the hands of the central government.

Figure III. Current role of ministries and central agencies in Egypt
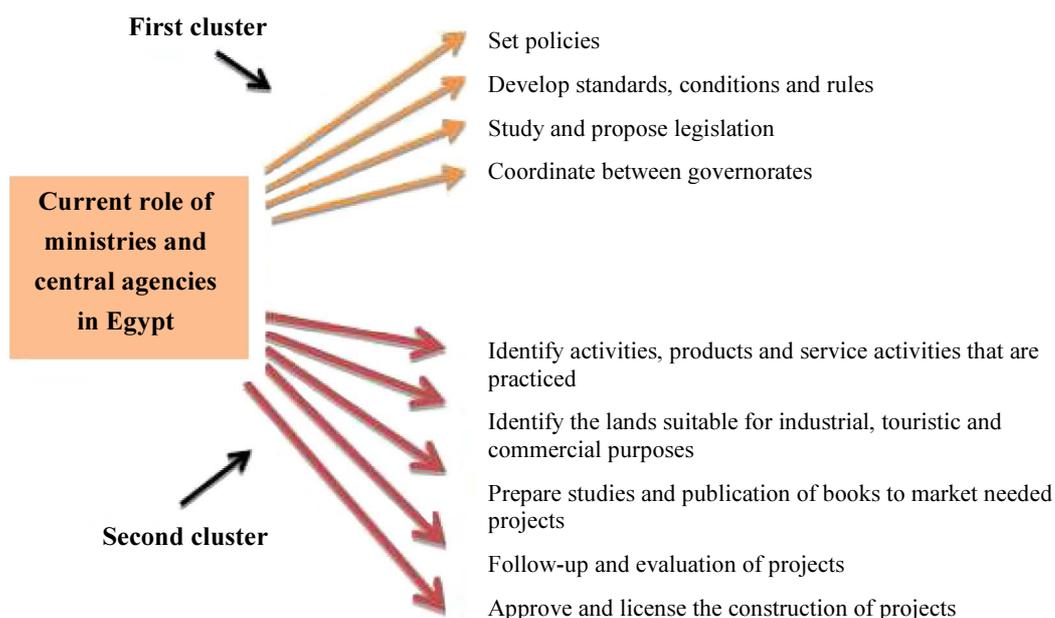
Source: ESCWA.

In practice, the relationship between the de-concentrated offices of these ministries and local administrative units is very weak and their predominant linkage is vertically towards their ministries or central agencies. This has a significant impact on the ability of the governorate to create employment and achieve sustainable economic development, particularly given that the mandate of most ministries that did not transfer any of their competences to local administration is related directly to economic development. Equally important, this institutional framework does not allow the governors, the elected councils or other

local development partners to hold these de-concentrated offices accountable for the provision of promised economic development and the creation of venues for job creation, or the lack thereof.

The third type of ministries represents those that have transferred some of their functions, under Local Administration Law No. 43 of 1979, to local administrative units, mostly those mandated with such human development as education, health, housing, and agriculture. For these ministries, their de-concentrated directorate reports technically to the ministry while they report administratively to the head of the local administration units. According to Article 3 of the Local Administration Law, they should devolve their respective budgets to the different administrative units. However, in practice, this did not occur in most cases, and most ministries are still exercising central control over their budget. With respect to planning for the provision of services related to these ministries, the directorates, in consultation with the governor, submit a "wish list" of required projects and services to the central ministries and the decision is taken by the minister at the central level.

When reviewing the decision-making powers and the budgeting process adopted by the second and third type of ministries, it could be argued that their excessive centralization has led to weakening the ability of the different levels of local administrative units to manage capital investments. Box 3 provides more details on local expenditure in Egypt and its relationship to other developing countries.

Box 3. Vertical allocation of resources and local expenditures in Egypt

Developed countries generally spend 30 to 40 per cent of public resources at the subnational (devolved regional and local) government level, while transition economies spend 20 to 30 per cent of budgetary resources at the subnational level. By contrast, Egypt spends only 14.7 per cent of its public resources at the subnational level. If only recurrent expenditures that fund the delivery of public services are taken into account, on the assumption that central agencies may be in a better position to deal with the procurement of capital expenditures, still only 15.8 per cent of national recurrent resources are provided to the local administration level in Egypt. In other words, only one out of seven Egyptian pounds is budgeted for the provision of public services at the local level for the benefit of the Egyptian people. By contrast, six out of seven pounds of public resources are spent on central government administration.

While comparative data on de-concentrated expenditures are not readily available for most countries, how does Egypt's vertical allocation of resources compare with some other selected de-concentrated countries for which data are available? The short answer is: not well. Whereas Egypt allocates about 16 per cent of its recurrent expenditures to the local administration level, Cambodia and Mozambique allocate almost twice as much to the subnational level: in Cambodia, approximately 30.6 per cent of recurrent resources are provided to the subnational level; while in Mozambique, 39.1 per cent of recurrent budgetary resources are made available for subnational expenditures. In fact, despite its myriad of problems (fiscal and otherwise), Afghanistan provides 45.3 per cent of national recurrent budgetary resources to the subnational, or provincial, level.

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Source: Boex, 2011.

During the past five years, the government has been taking active steps to reform capacities and the institutional framework governing local administrative units in Egypt. Among the major steps on the implementation side was the reform that took place in resource allocation for the five programmes of local development. As for setting clear policies and action plans for further reform to take place, the fiscal decentralization strategy produced by the Egyptian Decentralization Initiative in December 2010 is seen as a key milestone.

4. *Coordination within local administrative units*

The most prominent mechanism for coordinating among the different governmental entities within the local administrative unit is the local executive council (LEC), according to Local Administration Law. The council is headed by the head of the local administrative unit and with membership of senior executive

officials from the different sectors and the heads of the lower tiers of local administrative units. For instance, at the governorate level, the LEC is headed by the governor and includes city and district chiefs as well as the heads of the service directorates.

At the governorate level, the Law vested this council with the mandate of following up key projects and services implemented at the governorate level as well as assisting the governor in drafting the governorate administrative and financial plans (box 4). However, in practice, the role of the council is limited to addressing problems on an ad hoc basis, and it is not engaged in assessing the governorate strategic plans and its implementation.

Box 4. The role of local executive councils (LECs) at the governorate level

The Governorate Executive Council shall have the following competences:

- Following up the work entrusted to the executive bodies of the governorate, evaluating the level of performance and the agreeable execution of projects and services on the governorate level;

- Preparing the governorate budget and, upon approval, proposing distribution of provisions allocated for investments to the local units;

- Assisting the governor in developing the administrative and financial plans necessary for the affairs of the governorate, and for enforcing the decrees and recommendations issued by the local popular council (LPC);

- Developing the rules which guarantee good work progress in the administrative and executive bodies in the governorate;

- Establishing the general rules for managing and investing the lands of the governorate, and its properties and the disposal thereof;

- Establishing the rules regarding housing and reconstruction planning projects;

- Studying and expressing opinion about the subjects to be submitted to LPC of the governorate, from the technical, administrative and legal aspects;

- Studying and expressing opinions about the investments carried out by the governorate;

- Studying and investigating any issues referred to by the governor, or LPCs.

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Source: Local Administration Law No. 43 of 1979.

Another mechanism of coordination within the local administrative units is performed through specific departments that report to the head of the unit. For instance, at the governorate level, the role of the Planning and Monitoring Department in coordinating the planning process between the different directorates stands out according to the Local Administration Law; however, in practice, their current role is inadequate and is being limited to monitoring the rate of expenditure, or the "burn rate", of the different directorates without any role in planning or active monitoring of projects on the ground. The General Department for Planning and Urban Development is also a key department that could play a role in coordinating between different governmental entities while preparing the governorate strategic plans according to the Building Law. However, in practice, the institutional relations between this Department and the different directorates are very weak and there is no clear mechanism that brings different directorates and the Department together to review the progress in the implementation of the governorate strategic plan.

At the district level, the importance of planning and coordination between the different departments (*adaras*) gets weaker when compared to the governorate level. For instance, the role of the Planning and Monitoring Department at the *markaz* level is only restricted to monitoring such local development programmes as internal roads, streets lighting, fire fighters, environmental projects, and support to local administration units, and is not monitoring the performance of the different sectoral departments, including

education, health and social services. As for the city and village levels, planning process does not exist, apart from planning local development projects, and horizontal coordination is extremely weak.

5. *Local government budgets and local spending in Egypt*

The current budget structure, the Chart of Accounts, in Egypt is classified into two levels: the central administration and the governorate. This means that tiers of local government other than the governorate are not recognized as a budget authority. At the governorate level, two types of budget authorities are recognized: the "Diwan" budget authority which deals with the office of the governor, and the second authority which deals with the service directors.

When examining the total expenditure of the local administration budget compared with the total expenditure of the state budget, it is clear that central government, ministries and service authorities are dominating the execution of the budget and that the percentage of expenditure by local government is almost constant at 14 per cent. This is considered very modest when compared to developed countries that typically spend 30 to 40 per cent of public resources at the subnational government level, and also to transition economies that spend some 20 to 30 per cent of budgetary resources at the subnational level.[99]

Investigating the total local expenditure in more detail reveals that only about 5 per cent of this figure is dedicated to capital investment and the remaining 95 per cent is dedicated to current expenditures. This means that the percentage of capital local administration expenditure to total expenditure of the state budget is ranging between 0.5 to 0.7 per cent, which is a meagre percentage when compared with international standards. The vast majority of the current expenditure is on wages, which constituted 85.6 per cent of expenditure in 2010-2011, of which wages for the Directorate for Education and the Directorate of Health constituted a very considerable share of 67.1 per cent of total wages for 2010 and 10.2 per cent respectively for 2011.[100]

TABLE 1. LOCAL SPENDING TO TOTAL PUBLIC EXPENDITURE, JULY 2008 TO OCTOBER 2011
(*Millions of Egyptian pounds*)

Items	2007-2008	2008-2009	2009-2010	2010-2011
Total expenditure of the state budget	241 551.3	340 912.4	319 137.2	394 494.2
Total expenditure of the local administration budget	33 169.4	38 622.9	46 909.1	54 181.0
Percentage of local administration expenditure to total budget expenditure	13.7	11.3	14.7	13.7
Total current local administration expenditure	31 409.4	36 865.9	45 039.1	51 581.0
Total capital local administration expenditure	1 760.0	1 757.0	1 870.0	2 600.0
Percentage of capital local administration expenditure to total local administration expenditure	5.3	4.6	4.0	4.8
Percentage of capital local administration expenditure to total expenditure of the state budget	0.73	0.52	0.59	0.66

Source: Ministry of Finance in Egypt, various years.

6. *Local administrative units and land administration*

Centralization of competencies and functions in the hands of the central government, which is limited to the socioeconomic plans and fiscal centralization, also extends to land management. According to the local administration law (article 28), a governor can, with the approval of the LPC of the governorate, decide

[99] Boex, 2011.

[100] Egypt, Ministry of Finance, 2012.

the rules for disposing of cultivatable lands inside the reins of power and adjacent lands, and extending to a distance of two kilometres of which the governorate takes responsibility for its reclamation, after obtaining the opinion of the Ministry of Agriculture and Land Reclamation. For the land situated outside the reins of power, their reclamation is in line with the national plan and is carried out by the Ministry of Agriculture and Land Reclamation, and the bodies to be defined by it, in coordination with the concerned governorate. The disposal of these lands, and specifying the governorate share in its value, is pursuant to the provisions, rules and procedures stipulated by the relevant laws and regulations.

In practice, this means that the power of local administrative units with respect to land management outside the boundaries (*zimam*) of villages is restricted to only two kilometres and only to land reclamation subject to the approval of the Ministry of Agriculture and Land Reclamation.

Figure IV. Land ownership: Governorates versus the state and central ministries and organizations
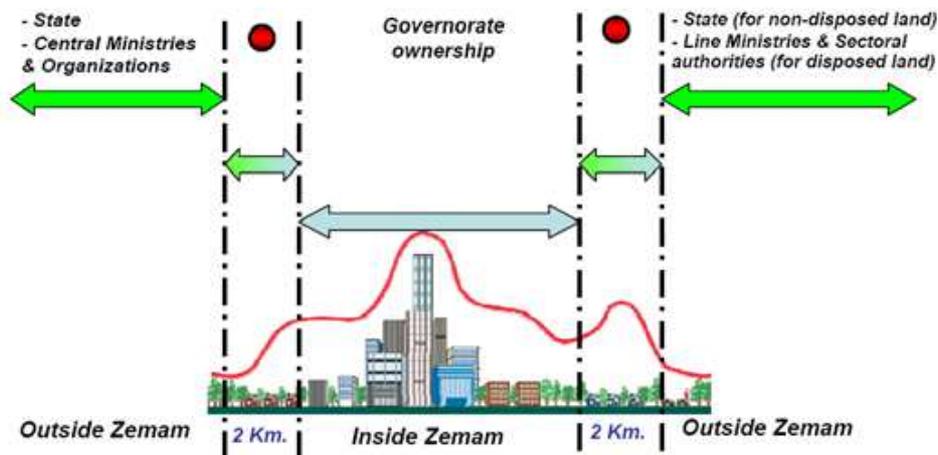

Source: World Bank, 2006.

Figure V. The main entities with power to dispense public land
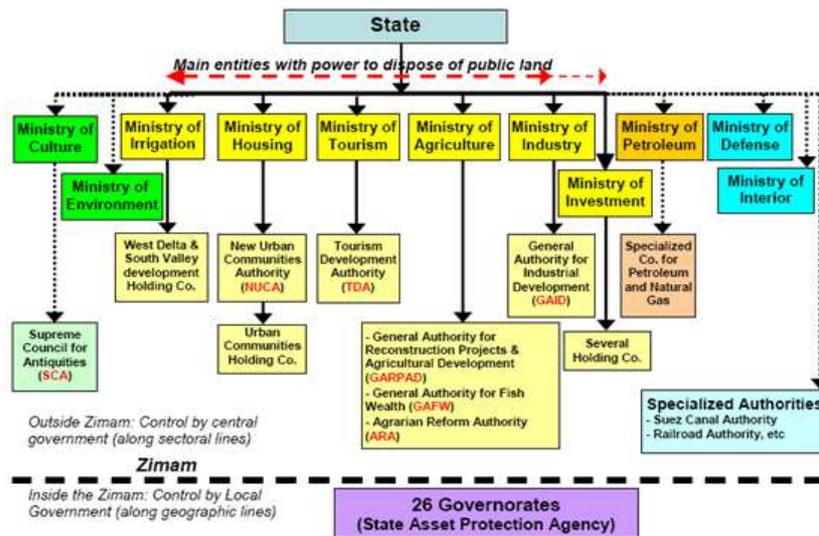
Source: World Bank, 2006.

Lands for other economic activities, including tourism and industry, or the establishment of new settlements are outside the decision-making power of local government, and it is such central agencies as the Industrial Development Authority, the General Organization for Construction Project and Agriculture

Development and Tourism Development Authority that take the lead in planning for these activities. It is noteworthy that most of these ministries or agencies belong to the third type of ministries that have offices that do not report to the governor administratively or technically.

The coordination of the various land uses by the different ministries and central agencies is ad hoc and inefficient, and is hampered by the contradictory and overlapping different laws and sources of legitimacy that govern land management in Egypt. In 2001, the National Centre for Planning State Land Uses (NCPSLU) was established to coordinate the allocation of land to the different ministries and central agencies. The role of the Centre, as stipulated in the presidential decree providing for its establishment and mandates, confuses its functions with that of the economic regions stipulated in Law No. 495 of 1977. Moreover, a similar lack of clarity exists between the role of the strategic plans produced by the General Organization for Physical Planning (GOPP) in identifying land uses and that of NCPSLU in relation to which decides on the usage of the land for the different urban development purposes.

The analysis presented shows that Egypt's state structure has oscillated between periods of higher and lower degrees of centralization since the 1923 constitution. At the time of writing, the local government system combines deconcentration of some state functions, with maintenance of centralized state authority in certain policy areas. Comparing local spending to total public expenditure reveals meagre allocation of resources, particularly capital investments, at the local level. Reforms have entailed the addition of such administrative layers as economic regions, as well as incremental shifts of some fiscal responsibilities to the governorate level. While there are elected local councils at subnational tiers, horizontal accountability has remained weak given that councils officially have limited powers in monitoring decision-making and have no legislative powers. Institutional layering, limited de facto delegation of powers to concentrated units, together with the preservation of some functions at the central level, have created a complex system in which vertical accountability channels are also often unclear. As a result, local authorities have not been able to perform their designated responsibilities adequately, particularly in the use of public lands.

IV. EGYPT POST 25 JANUARY: CONTINUITY AND CHANGE
IN LOCAL GOVERNANCE

Did the uprising of 25 January open space for bottom-up, deeper decentralization reforms in Egypt? The current chapter reflects on this question in the light of recent empirical findings derived from interviews with a range of stakeholders, including new civil society actors that have emerged in the wake of the uprising, leaders of political parties and community members from three working-class neighbourhoods in Greater Cairo. The analysis presented here points to the emergence of a new form of advocacy and lobbying for legal-institutional restructuring of local government system to strengthen local authorities and enhance democratic accountability mechanisms represented by localities (*mahliyat*). In addition, various types of community-based LPCs have succeeded in carving out space for local-level activism around access to service delivery, and use of public spaces as "citizenship rights" in traditionally deprived working-class neighbourhoods.

While not necessarily broadly representative, interviews conducted with core community activists and with residents of the three neighbourhoods reveal ambiguity regarding the desirability of decentralization as well as the future role of LPCs. Finally, leaders of political parties have similarly expressed mixed assessments of the potential implications for Egypt's political future arising from decentralization reforms, their most adequate design, priorities and urgency. This ambiguity has, in turn, created an emergent gap between growing expectations among youth on the one hand and, on the other, the willingness of political elites and citizens to embark on reforming state institutions in order to upgrade public responsiveness.

A. MAHLIYAT SOCIAL MOVEMENT

Following the uprising of 25 January, popularly elected LPCs were disbanded amid claims of corruption and hegemonic control by members of the ex-ruling National Democratic Party. In this context, the emergence of an advocacy youth-led movement, namely, Mahliyat, represented a unique development in Egypt's civil society. Founders of the movement called for "democratic decentralization" as a vital part of reforming the state apparatus and instituting rational-legal authority.[101] For them, decentralization constituted a necessary step for any democratic transformation. Thus, the first stated goal of the movement was to hold local elections, based on a new legal framework in order to embark on decentralization.

While these goals were clearly political, the founders framed their calls for decentralization and local empowerment in terms of developmental and efficiency gains. As one of the founders explained, "the people are demanding redistribution of power and resources because of local government agencies' poor performance".[102] In addition, while the movement's focus was on reforming local government structures, the adopted discourse echoes the widely promoted ideal of local governance based on networks and partnerships among communities, private actors and government authorities. Hence, founders made the case that reforming decentralization legislation in Egypt is actually inseparable from revising legal acts governing NGO activities.

At the time of research, Mahleyat clearly had acquired a high profile in the media and developed links to policymakers. As such, representatives from the movement were included in parliamentary discussions of proposed amendments of the local administration system in 2011. While Mahleyat did not officially play a consultative role in drafting the constitutional articles related to the local government system, it funded the Egyptian Decentralization Initiative in conjunction with the United States Agency for International

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[101] The term is often used in development discourse in reference to systems that fulfil a minimal criterion of electoral-based selection of office holders. In other words, "the persons in authority within institutions at intermediate or local levels are elected by secret ballot". Manor, 1999, p. 10.

[102] Findings from ESCWA mission to Cairo, April-May 2013.

Development (USAID).[103] Moreover, it organized a workshop that included several civil society representatives and activists from youth initiatives as the 2012 constitution was being drafted in May 2012.

The movement stressed that Egypt's local administration system should be gradually overhauled to become a popular local governance system based on decentralization of local development, public infrastructures and service provision.[104] Proposed reforms advanced by the movement mainly revolve around the redistribution of political power, authority and autonomy across local bodies. Among the final recommendations put forward by Mahleyat were the following:[105]

(a) Executive and monitoring authorities at all tiers of government should be separated;

(b) All members of LPCs should be directly popularly elected, with minimum age for candidacy set at 21 years;

(c) The executive branch should not have the rights to dissolve/object to decisions by elected LPCs;

(d) Governors and heads of district, city and village should be elected directly by citizens with clear definitions of their official powers and mandates;

(e) Vertical accountability needs to be upheld through the adoption of a mixed electoral system, combining party lists and an individual candidates system, with a quota for women of 30 per cent;

(f) LPCs should be able to exercise horizontal accountability vis-à-vis executive bodies at their respective tiers, including the right to issue a vote of no confidence. In addition, their monitoring, decision-making and authorities should be strengthened, particularly in local budget allocations;

(g) The monitoring and evaluation roles of civil society actors should be activated;

(h) Administratively, there need to be three tiers of government, namely: (i) governorates; (ii) big cities or rural districts (*markaz*); and (iii) districts, small cities and villages (with a maximum number of villages per markaz);

(i) Salaries of local government civil servants should be raised and wages capped at 30 per cent of governorate budgets, thereby ensuring greater equity and limiting corruption;

(j) Public access to information should be guaranteed in order to improve transparency;

(k) Private funds should be eliminated and integrated into public budgets;

(l) While allowing for redistribution of resources from higher to lower tiers, proposed sources of financing are 10 per cent central government, 80 per cent local and 10 per cent loans/grants.

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[103] The Egypt Decentralization Initiative operates under the umbrella of the Ministry of Local Development as a task force providing technical assistance. The project's objectives are to increase Egyptian financial resources available to the local government for responding to community priorities; enhance participatory mechanisms to plan, allocate and monitor the use of resources; and strengthen administrative capacity and legal framework for local government to manage resources effectively and transparently. See USAID, 2009a.

[104] With the notable exceptions of some public services, namely, police, railways, ambulance, and emergency assistance.

[105] Al-Ahram Unit for Civil Society Studies, Workshop Report on Towards a New Local Government System: Civil Society and Social Movements Perspectives. Cairo, May 2012.

Despite the development of links between Mahleyat and policymakers, donors and civil society, findings from the field indicate that, overall, its ability to mobilize support around its agenda for decentralization reform has been largely limited. According to the founder of the movement, while it has been successful in formulating concrete reform proposals, the political environment is not conducive to embark seriously on restructuring the state apparatus. Aside from the lack of political will, both the lack of a meaningful national dialogue and the exclusionary constitutional writing process have resulted in pushing serious institutional reform questions to the background.

In fact, it was only as late as mid-2013 that the movement focused on redirecting its attention away from lobbying policymakers towards developing a grassroots campaign aimed at raising awareness among citizens regarding the meaning of decentralization reforms as well as their potential positive effects on their lives. Their ability to develop an outreach mechanism that builds public awareness around decentralization has been undoubtedly hindered by fluctuations in the space officially allowed by the authorities for social movements to organize and publicly engage in grassroots activism. In recent months, periodic crackdowns on civil society organizations have been witnessed, and, at the time of writing, the imposition of a curfew as well as a state of emergency have narrowed the margin of activism on the ground for such movements as Mahleyat.

B. LOCAL POPULAR COMMITTEES

As police disappeared from the streets following the uprising of 25 January, youths volunteered to form neighbourhood watch brigades to protect property and maintain order. These came to be popularly known as LPCs and were often celebrated as the seedbed for democratic change. While some councils eventually disbanded, others continued to engage in various forms of local-level activism.[106] In April 2011, many LPCs participated in the first national conference. Nonetheless, subsequent research has shown that the councils resisted institutionalizing a "union" and preferred to share, on an ad-hoc basis, successful organizational models, campaigning skills and mobilization strategies, among others.[107]

Between February and July 2013, field research was conducted on the evolution of LPCs in three working class neighbourhoods in Greater Cairo: Imbaba, Ard al-Lewa and al-Omraneya.[108] Initially, many initiatives were launched by the councils to promote civic values and political participation, including campaigns focused on raising awareness about elections and constitutional amendments, as well as identifying human rights violators under the former regime. After the protests of 23 July 2011, the councils shifted their attention to local community needs, particularly service delivery.[109] Activists were careful to explain that this was the most appropriate translation of the revolution to people on the ground, in order to "work on local empowerment or how to give citizens tools and networks to get services not as a 'gift' or 'charity'".[110]

In pursuit of local empowerment, LPCs adopted, to varying degrees of success, distinct strategies vis-à-vis local authorities: confrontational, defensive and extractive. In the case of Imbaba, the local council for protecting the revolution sought to highlight neglect by local authorities by placing the neighbourhood's uncollected garbage in front of the governorate building. In Ard al-Lewa, the council successfully blocked various unpopular initiatives by local authorities, most notably the construction of housing units on unused land. The land, known as the eleven *feddans*, was envisioned by community members as a future site of post-

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[106] Asya el-Meehy, (2014).

[107] Ibid.

[108] Ibid.

[109] The protests of 23 July 2011 were called for to oppose the intention by the Supreme Council of the Armed Forces (SCAF) to postpone the transfer of its authority to an elected president.

[110] Findings from ESCWA mission to Cairo, April-May 2013.

primary schools, a clinic and a park. In addition, the governor's decision to reclassify the Ard al-Lewa district to Markaz Kerdasa, which officially falls outside the urban governorate of Giza, was also resisted by the council, which organized a protest march and blockade of a major street. Successful mobilization in the latter case was driven by awareness that this bureaucratic restructuring would seriously undermine access to public services, particularly health care. Finally, al-Omraneya succeeded in extracting from the authorities various services by adopting the "new status quo" policy, which entailed gradual escalation with policymakers to extract concessions and get them to respond to local demands. For example, the council pushed for a public library in the neighbourhood and an area for community members to convene; however, after several unsuccessful petitions, activists squatted on a road verge on the boundary of the neighbourhood's main street. While technically public land, they proceeded to construct a café and a library on that road verge with voluntary donations from community members. The governor eventually approved the project and provided assistance with building materials. Similarly, the council reclaimed unused land (*tera'a al-Omraneya*) to construct football courts for youths.

Interviews with core activists across the three LPCs reveal that they tend to envision councils operating in two parallel spheres, namely, civil society and local government structures. At the level of civil society, activists identified mutual empowerment through raising grassroots awareness, as well as engaging with local authorities as a goal. The latter entails local advocacy in order to better communicate community needs. At the level of local government structures, participants in the study either intended to run in local elections themselves or strongly supported having one of their members nominate themselves. For many activists, local-level government structures after the revolution hold the potential for youth to gain a greater role in governance. Regardless of the strategies adopted vis-à-vis local authorities, the majority of LPC activists viewed membership in popularly elected local councils instrumental in terms of enabling councils ultimately to achieve their goals.

More specifically, activists prioritized carving space for genuine community-driven development which encompasses building capacity of both council members and local-level officials to use participatory models in needs identification, project formulation and implementation. Paradoxically, however, most LPC activists did not view democratic decentralization reforms as an urgent priority. Instead, they were likely to focus primarily on the administrative dimension of decentralization to improve service delivery and enable effective local community participation. At a secondary level, most activists identified corruption in local governments as the most pressing governance problem. Nonetheless, they did not view the fragmentation of reforms or the limited degree of fiscal decentralization as a serious obstacle to administrative decentralization. Equally, they did not consider the lack of separation between legislative and executive bodies at local government levels as potentially hindering their capacity as elected local representatives to keep government officials accountable.

How have LPC initiatives changed popular attitudes regarding the role of civil society at the community level? What are the views of citizens on decentralization reforms?

Six focus groups and 15 semi-structured interviews were held with residents of the three neighbourhoods to assess the attitudes of citizens towards local councils and local government structures.[111] Participants were asked to assess the future role of LPCs, specifically their potential roles in service delivery as well as monitoring local authorities. In addition, participants were probed about which services have deteriorated the most since the uprising, the most efficient tier in service provision, as well as the desirability of making local executive authorities locally elected, rather than appointed. The purpose of the discussion was to assess the extent to which citizens agreed with two classical rationales for decentralization: (a) that decentralization allows for the formulation of policies that are more consistent with local preferences,

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[111] Focus groups for men and youth were organized. However, organizing a focus group for female participants was not feasible. Accordingly, semi-structured interviews were held with female residents. Participants were selected through snowballing techniques, and researchers were careful to avoid immediate relatives of local activists. Owing to the absence of comparable control groups, the research adopted recall questions to trace patterns of continuity and change in the perceptions of citizens.

thereby generating higher efficiency and promoting citizens' welfare;[112] and (b) citizens are better able to hold officials accountable at the local level through electoral review compared to the central government.[113] Citizens can vote local policymakers out of office if their performance falls short of voters' expectations. However, the argument does not necessarily hold true in the case of the central government, given that support can come from other jurisdictions that are satisfied with the outcomes of the central government's policies.

Among male residents, the dominant tendency has been to view local councils as a transitionary phenomenon related to the vacuum created by the lack of state presence. Furthermore, they assume that LPCs are neither likely to play a role in monitoring the performance of future local government authorities nor aid in providing services to the community. In fact, the majority of male residents did not seem to be aware that LPCs had already been involved in the provision of LPG cylinders, gas and, in some cases, infrastructural development.

Similarly, women across the three neighbourhoods did not envision a major role for the local councils in the affairs of their communities. For instance, the majority of female participants agreed with the statement that the state should be the provider of public services, while only a minority of participants thought that LPCs were closer to the people and would be better able to identify needs and extend service jointly or exclusively with official authorities. According to female participants, most services have deteriorated since 2011, particularly garbage collection, green spaces and electricity. Furthermore, only government ministries have the capacity and resources to provide adequately the services needed. In addition, the majority thought that local councils could be a potential danger to their communities and even lead to chaos. As one participant articulated, "Every few individuals may form a committee and now say they have authority and we will be in charge of this and that – since membership is open to anyone this can lead to troubles".[114] In addition, while most women agreed that local corruption needs to be limited by monitoring public policy and decision-making, a minority of participants thought that this role could be taken up by LPCs. The reasoning presented by focus group members is that monitoring local authorities requires "people who are highly trained and well educated so we do not fall into corruption".[115]

Finally, youth aged 17-27 did not envision a role for local councils in service provision or monitoring local officials. According to youth, policing, especially in the area of crime and drugs control, as well as education services have deteriorated in the wake of the uprising of 25 January. Unlike other constituencies, youth participants preferred to have public services locally administered despite problems of "endemic corruption". Within that context, the majority of participants did not perceive LPCs as potentially playing a monitoring role of local authorities. In fact, this constituency was the most critical of local councils, whose emergence in the public sphere allegedly led to rising levels of random violence among armed locals and residents of other neighbourhoods. This finding is consistent with the increasingly violent turn of events in Egyptian politics since late 2012 and the emergence of the black bloc, which for some indicates the direction that youth participation is taking.

As for perceptions of democratic decentralization and local government reforms, with the exception of youth, all constituencies included in the study did not support major institutional restructuring. Indeed, discussions among male focus group participants showed that the majority did not support having governors directly elected, but rather preferred to be selected based on professional credentials. When queried about why they opposed having governors popularly elected, participants argued that they did not want to be responsible for that choice. As one participant explained, "If we elect them we will be stuck for another four

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[112] Oates, 1972.

[113] Breton and others, 1998, p. 36.

[114] Findings from the ESCWA mission to Cairo, April-May 2013.

[115] Ibid.

years".[116] In response to a question about corruption in the absence of an accountability mechanism, another participant explained, "If we find that he is corrupt we will get rid of him, like we did with Mubarak…we will depose him from his position".[117] Distrust of the electoral system was, in many cases, repeated by participants who argued that, if governors were elected, it would be hard to hold them accountable; a participant explained: "Governors can always say that they are merely implementing the presidential programme and the president can always also claim the governors did not follow his policies".[118] This phenomenon is, indeed, consistent with a larger comparative project on post-revolutionary Egypt, Libya and Tunisia, and that also found that Egyptians are disenchanted with elections as an institution. Researchers have highlighted a sense by citizens that "Egyptians have never been given a chance to vote for the candidates they wanted. Their vote was, for the most part, against, not for, the available candidates. This explains why many Egyptians are not satisfied with the currently elected leadership".[119]

While dismissing elections, the majority agreed that the selection of governors should not be done by the President, but rather by committees of experts who democratically select among themselves the person most appropriate for the position. As for the appropriate backgrounds for the position of governor, participants made the case that technocrats, particularly engineers, are the ideal candidates and that those from a military background are the least qualified. Other criteria for selection include a clean track record and being born and raised in the governorate. Similarly, some suggested that the selection of district heads should be done through the same mechanism. In addition, the majority did not stress that these positions should be occupied by locals from the governorate or the neighbourhood.

Female participants echoed similar views on democratic decentralization and the future of local government reforms. For instance, a participant in al-Munira al-Gharbeya explained: "I do not believe in elections – Morsi is the same as Mubarak".[120] For the majority of women included in the study, voting for governors will politicize the position and make access to services harder to guarantee and increase corruption. However, some female participants argued that, while governors should be appointed, district heads could be selected by elected members of LPCs as well as by members of the executive branch, namely, governors and the Ministry of Local Development. As one participant explained, "It is better to have elected representatives and government officials select the district head because we the normal citizens do not know how to select among candidates".[121]

Finally, the majority of youth voiced similar concerns that the position of governor should not be politicized. As one participant in Ard al-Lewa argued, "the situation has deteriorated after the revolution because now the governor is Ikhwan [in other words, belonging to the Muslim Brotherhood]".[122] Pursuing democratic decentralization, according to another participant, may only mean "Brotherhood-ization of the state", given that elections have so far demonstrated that there are no credible alternatives to the Freedom and Justice Party. Youth, nonetheless, agreed that, despite the risks, electing governors is better than maintaining the current system of appointment by the President. Using the individual candidate system, parameters for nomination among candidates included being a resident of the governorate, as well as professional criteria and training rather than ideological affiliation. In addition, the majority of participants argued that governors should be under 45 years old to guarantee that youth are represented. Nonetheless, youths were evenly split about whether district heads should also be elected or appointed.

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[116] Ibid.

[117] Ibid.

[118] Ibid.

[119] British Council, 2013.

[120] Findings from ESCWA mission to Cairo, April-May 2013.

[121] Ibid.

[122] Ibid.

Official party programmes reveal considerable variations in their articulations of decentralization as a reform agenda, the dimensions emphasized and the extent of restructuring envisioned (table 2). While the liberal-oriented Conference Party explicitly envisions gradual reforms, whereby locally elected executives are invested, there are no mentions of horizontal accountability or fiscal decentralization. Rather, the Party emphasizes its commitment to maintaining the central government's power by coordinating regional level development that cuts across governorates and emphasizes resource pooling. By contrast, while the programme of the Freedom and Justice Party does not explicitly formulate decentralization as a goal, it calls for greater local control over the local budget as well as a stronger role for the centrally based higher council of planning while vaguely committing to local elections. On the ideological left, the Egyptian Social Democratic Party and the Socialist Popular Alliance Party promote partial reforms with the former emphasizing territorial equality and elected governors, while the latter emphasizes decentralizing the Ministry of Interior and strengthening elected LPCs.

Interviews conducted in Egypt with political leaders from a variety of ideologies reflected mixed opinions on the urgency of decentralization reforms during the country's ongoing political transformation, as well as potential obstacles to its implementation on the ground. In the course of an interview with a leading member of the liberal Destour or Constitution Party, there was some hesitation over how realistic decentralization reforms were: "Egypt's State has long had a heavily centralized pyramid-like structure. Therefore, it will never become highly decentralized and the central state will continue to perform vital function".[123] The politician identified a number of obstacles to serious reform initiatives. First, apart from institutional restructuring, voting behaviour by citizens would also need to change. For instance, the common tendency among voters to cast their ballot for "services candidates" in national level elections makes decentralization risky for leaders of political parties. Secondly, transferring power and authority to LPCs required overhauling local electoral regulations. In the absence of applying a political isolation law at local level, Egypt's political transition would remain incomplete. Thirdly, there was also a lack of political will given the number of local-level representatives, at some 53,000. "Aside from the now disbanded National Democratic Party, there are very few political parties with the capacity to contest and win seats at the local level". Finally, according to him, as long as there are "fears about the stability of state authority" and concerns over "peaceful transfer of power" from one government to the next, local governments could not be empowered in any real sense. In other words, decentralization reform could only be embarked on once political institutions at the national level had been reformed and strengthened.

An interview with a member of the Freedom and Justice Party and an aide to the former President Mohamed Morsi revealed a vision for incremental reforms of the local government system. During the first phase of reforms, governors would be appointed by Parliament, followed by elections of LPCs and governors. According to this source, the real challenges to decentralization reforms in Egypt were political struggles and the trajectory of the country's political transformation after the uprising of 25 January which blocked reform initiatives. The majority Freedom and Justice Party in parliament, however, did not create inclusive dialogue around substantive decentralization reform options that encompasses stakeholders in civil society as well as the main political forces.

According to a leading figure in the National Social Democratic Party, while decentralization has been linked to various potentially positive outcomes at the developmental and democratic transformation levels, the concept is ill-defined: "We know what 'centralization' means but it is not necessarily clear what decentralization entails".[124] When asked about possible obstacles to decentralization, he formulated it in the following terms: "The dilemma is how to construct a democratic and decentralized state that remains a strong and stable state".[125] In his view, there are legitimate fears that decentralization could lead to the breakdown of the state and the loss of its territorial integrity. "Egypt's state institutions constructed the

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[123] Ibid.

[124] Ibid.

[125] Ibid.

nation. In the absence of the modern state's bureaucratic apparatus, there are existential risks to the country".[126] Accordingly, he made the case that there is a need for a carefully formulated strategy for middle-ground decentralization whereby the central government retains some powers, but shares authority with governors. Nonetheless, unlike the liberal and Islamist political elite, he envisioned decentralization as a crucial and urgent step: "Given the ongoing transition, citizens need decentralization of power and increasing the margin of authority for local government structures, including elected bodies. This is crucial for enhancing accountability of decision-makers to citizens".[127]

TABLE 2. PARTY PLATFORMS AND DECENTRALIZATION STRATEGIES

Political party	Decentralization as a priority	Administrative reforms	Fiscal reforms	Political reforms
Conference Party	Yes, long-term goal	Efficient division of powers among government tiers. Strong centralized state remains important for steering defence, foreign policy, social justice and balanced territorial socioeconomic development. Regional-level development planning that covers neighbouring governorates and pools resources.	No specific mention	Elected local executive bodies that gradually assume greater decision-making powers.
Egyptian Social Democratic Party	Not explicitly articulated as a goal	Central government development plans should incorporate regional equity as a priority. Central government should encourage private investments in marginalized areas by local and foreign businessmen.	The concentration of public expenditures and investments in urban governorates (Cairo, Alexandria, Port Said and Suez) has deepened the rural-urban gap and trenched territorial inequalities. Equitable distribution of state spending across governorates based on population density, as well as prioritizing historically marginalized border areas.	Elected governors to achieve democratic accountability and equitable distribution of resources from the central government.
Socialist Popular Alliance Party	Yes, short-term goal	Decentralization of Ministry of Interior by putting police under authority of elected LPCs.		Elected LPCs should have greater powers of oversight over local executive authorities, planning and local legislation.
Freedom and Justice Party	Not explicitly considered a goal	Establish Higher Council of Planning at the central level. This Council is to devise national plans aimed at achieving balanced, sustainable and comprehensive development.	Grant power to approve budget to local administration.	Commitment to hold periodic local elections, but no mention of expanding democratic accountability.

Source: Compiled by ESCWA.

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[126] Ibid.

[127] Ibid.

Finally, a founding member of the Socialist Popular Alliance Party enthusiastically argued that decentralization is not just about administrative efficiency, but rather constitutes a cornerstone of long-term empowerment of marginalized constituencies. In his view, reforms should be pursued along the two dimensions in parallel rather than sequential order: "It is not sufficient to give local bodies the power to raise taxes, without also holding some accountable to the people".[128] However, he stressed that the most urgent reform priority is clear separation of legislative and executive branches at local levels. Echoing the position of the participant from the Egyptian Social Democratic Party, "local-level participation will plant the seeds of democratic practices and decentralization is a necessity at this stage, not a luxury".[129]

It is quite evident from the discussions above that there is an emerging consensus among activists, community-level organizers and political elites that Egypt, after the uprising of 25 January, should adopt some degree of local-level reforms. Decentralization, however, remains an ambiguous concept. In addition, the newly emergent Mahleyat movement, which has focused on advocacy for reforms, is elite-led with a narrow social basis of support. In other words, despite positive signs of locally rooted collective action, Egypt does not seem to be witnessing a more grassroots-driven movement for deeper decentralization.

For many community-level organizers, a degree of political decentralization may seem desirable, whereby free and fair elections would allow them to be represented in LPCs. Yet, grassroots activists paradoxically do not perceive reforming the local government system as an urgent priority. Rather, their focus is mainly on administrative decentralization without necessarily linking reforms in this area to either fiscal or political development of local institutions. In fact, findings indicate a limited grasp of the synergy required among the three dimensions of decentralization. At the time of research, community activists increasingly faced competition from actors linked to the Freedom and Justice Party, who often did not have power bases in communities but came to assume a higher profile by partnering with government institutions. This development seems to have led some to realize that implementing administrative reforms, whereby services are extended with grassroots local participation, is par excellence a political question.

At the grassroots level, findings indicate a tendency for most citizens to distrust decentralization proposals. With the exception of youth, most focus group participants only supported deconcentration of administrative functions rather than delegation or full-fledged devolution of power. In general, while participants did not agree with the election of governors and other executive offices at the local level, they wanted transparent criteria for their selection or indirect mechanisms for their election. In addition, many did not view civil society as a potential venue for monitoring local officials or service delivery. This last finding is in line with research showing that, despite the spike in informal activism, Egyptians perceived these initiatives as "temporary", given that they did not embody "a broad vision for Egypt or any strategic solutions" for the country's problems.[130]

These attitudes perhaps should not be interpreted as signs of apathy or insufficient appreciation of civic value or of local democracy. Rather, participants seem to distrust the local-level government tier owing to corruption and a lack of technical capacity. Similarly, the ballot system is not widely trusted as a mechanism for keeping public officials accountable or empowering citizens due to concerns over patronage, dominance of few parties and the persistence of authoritarian practices in the aftermath of the 2011 uprising. In fact, interviewees on more than one occasion argued that their voices would be best heard at the local level through such non-institutional channels as organizing marches or sit-ins as a show of "popular pressure" and "neighbourhood mobilization". For them, civil society initiatives may be valuable during moments of crisis, but do not constitute a credible substitute for state institutions. While the trends identified are not necessarily broadly representative of popular opinions on decentralization, they shed some light on views among urban-based working class Egyptians.

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[128] Ibid.

[129] Ibid.

[130] British Council, 2013.

While official party programmes across the ideological spectrum adopted decentralization-related initiatives, field research shows that political elite often approach the question from a highly centralized prism. Even when admitting that reforms are urgently needed, they envision institutional reform to unfold gradually over a few decades, and to entail limited degrees of devolution of powers and resources to lower tiers of government. Indeed, there is a tendency to confuse merely enhancing deconcentration with decentralization. For instance, few members of the political elite drew a distinction between "developmental decentralization" that enlarges the margin of action for locally elected officials in domains that do not require central government intervention, on the one hand, and, on the other hand, "political decentralization that would restructure the central state, thereby limiting its competence and transferring full powers in certain domains to local and regional elected authorities".[131] Along parallel lines to findings from interviews with citizens, political elites recognize the potentially detrimental impact of a nascent multiparty system on local government functioning, particularly in the absence of a clear separation of executive, judicial and legislative powers. They often expressed concerns about structural, institutional as well as cultural obstacles to decentralization implementation. As rational self-interested actors, political elites were clearly aware of the linkages among decentralization reforms, political party institutionalization and local elections acts. As eloquently explained by Fadia Kiwan in her analysis of the Lebanese experience with decentralization projects, "municipal elections are the natural incubator for the formation of local elites and the natural starting point for the wielding of political power. They are obviously a source of concern for establishment political elites, especially those that operate through the centre, mainly through the central authority".[132]

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[131] Kiwan, 2004, p. 55.

[132] Ibid., p. 64.

V. MOVING FORWARD

What vision is possible for the implementation of decentralization while taking into account currently unfolding political transformations, as well as the needs for improving human development and generating economic growth? It is crucial to note that, as highlighted in chapter II, generic recommendations for decentralization in Arab countries that are experiencing political transformations are inadequate. This owes to variations in social structure, geographical size, modern nation-state formation patterns, and state capacity, in addition to dynamic sociopolitical institutions. In some cases, Arab uprisings have led to weakening of central state institutions as well as heightening of communal tensions, thereby opening space for national dialogues over the very nature of the state. In the long term, reforming the state apparatus in these contexts will entail clearly differentiating the roles and powers of local versus central official authorities, while striking a fine balance between expanding the powers of local institutions, and consolidating the infrastructural capacity of the central state. In other cases, the trajectory of reform is different given that uprisings have created pressures for restructuring and strengthening local state institutions. In these instances, the trajectory of institutional reform will entail modifying the relative powers and responsibilities of various governance tiers while transferring power, authority and resources to sub-central state institutions.

This chapter provides a few policy recommendations for those countries that are in the second category, where the unitary nature of the state has so far been uncontested. Even here, however, decentralization is a contentious issue that divides public opinion, particularly on the basis of demographics. Preliminary qualitative findings, which need to be verified by employing survey questionnaires and large samples, indicate that the youth in Egypt are more likely to prefer full-fledged decentralization that extends beyond administrative and fiscal spheres to encompass political reconfiguration of power as well as accountability relations. Recent developments highlight that the institution of elections and formal avenues of participation have not succeeded in garnering mass support. Indeed, citizens have resorted to successive waves of protests and mobilizations under the umbrella of broad social movement despite the fact that new elites were voted to power following the uprisings. While this phenomenon reflects the presence of engaged citizenry, it also poses dilemmas for policymakers who need to construct political institutions at the national and local levels that are derived from broad consensus among sociopolitical forces and enjoy legitimacy among the citizenry.

This chapter begins with a discussion of the contract-based governance model in France in order to draw lessons on reform practices that have successfully transferred powers, authority and resources to lower tiers in heavily centralized states. Next, the study makes eight recommendations that may facilitate future decentralization initiatives.

A. POTENTIAL STRATEGIES FOR REFORM: THE FRENCH MODEL

In recent years, France has evolved from being the archetypical centralized state to a country with territorial checks and balances and contract-based decentralization. Subnational tiers of government have assumed greater margins of autonomy in both decision-making and policy implementation, while their enhanced tax-raising powers have expanded their local budgets in recent years. Negotiated contracts have facilitated collaboration among municipalities as well as multilevel governance that responds to local needs while maintaining a role for national officials in policy planning and formulation. As a unitary republic, the state apparatus was traditionally designed based on "a hierarchical military model that controlled and divided French territories into 100 departments, each of which was subdivided into four or five counties and more than 36,000 communes, or municipalities".[133] Despite reform initiatives after World War II, the country's Napoleonic governance model, in which the central government exclusively exercises both legislative and judicial powers, had until the early 1980s remained largely unchanged. At the core of the system were the government-appointed prefects who "centralized and controlled all the executive and administrative activities of each level of government from the top down".[134] As a result, regional and local policies were formulated by national policymakers and implemented under the watchful eyes of nationally appointed officials at each tier of subnational administration.

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[133] Brunet-Jailly, 2007.

[134] Ibid., p. 3.

Box 5. Decentralization reforms in France

(a) *Constitution of 1958*

- Territorial collectivities are communes, departments, and overseas departments. Any other collectivity is created by law;
- Collectivities are freely administered by elective assemblies or councils in the conditions created by the law. In departments and territories, the state representative is in charge of national interests, of administrative control and of the respect of law;
- The law of 1972 establishes the region as a specialized public administrative establishment. The regional constituencies gain a new status which confers them a "legal personality", attributing them a greater autonomy from the state, and a budgetary autonomy.

(b) *Act I of decentralization in 1982*

Gaston Defferre, former Minister of State Affairs under French President Francois Mitterrand, introduces a series of decentralization laws, restructuring powers and authorities. Main changes are as follows:

- Region as a new local collectivity;
- Executive power transferred from the prefect to the president of the regional or departmental council;
- Replacement of administrative supervision by a legal monitoring through the prefect;
- Creation of a new financial jurisdiction, namely, the Chambre Générale des Comptes;
- New competences transfer from the central state to collectivities.

(c) *Act II of decentralization in 2003*

A new period of decentralization begins with the then Prime Minister Jean- Pierre Raffarin. Promulgated on 28 March 2003, the Constitutional Law on the decentralized organization of the Republic was followed by several organic laws, including, as follows:

- Right of local referendum;
- Fiscal modifications concerning the resources of collectivities, thereby allowing them financial autonomy;
- Right to experimentation (legal and regulatory matters);
- Transfer of new capacities to local authorities in the areas of economic development, tourism, vocational training, and infrastructure such as roads, airports, ports, social housing, and construction;
- Article 1 of the Constitution now states that France is officially a "Decentralized Republic".

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Source: National Assembly. (in French). Assemblée Nationale (2010), Decentralization (1789-2010), available on http://www.assemblee-nationale.fr/histoire/decentralisation.asp.

Under successive reform waves or decentralization acts since 1982, France witnessed restructuring of various aspects of its governance model (box 5). However, the process did not alter the unitary character of the state or lead to full-fledged decentralization. Executive powers were transferred to popularly elected councils at the three tiers of local government. Furthermore, a new territorial unit, namely, regions, was introduced which did not overlap with the boundaries of departments or particular communes. This additional institutional layer assumed new powers and mandates, but contributed to public confusion over service delivery. This is the case as France's territorially defined tiers of government overlap, but do not operate under a clear hierarchy.

Given that all three tiers of government do not have clearly separate mandates, they end up competing in various spheres of public policy and service delivery. In order to improve the system's efficiency, amendments to the law were introduced allowing for intercommunality, whereby communes can pool resources to perform their functions more efficiently. Contract-based collaboration has actually taken root horizontally within the same tier of government as well as vertically with the central government. In the

latter case, traditional top-down planning exercises, known as the "Contrat de Plan État-Région", have evolved into negotiated bottom-up, multi-tier governance initiatives. The scope of these contracts has ranged from physical upgrading of urban centres to the provision of education, security or social services targeting poor constituencies.

Locally elected officials have engaged with decision-makers at the central government to "co-produce and implement policies that specifically address the needs of their communities from a grassroots perspective".[135] Over the span of five years, between 1989 and 2004, "municipalities signed 296 contracts with the central government, including 136 neighbourhood conventions, 130 social housing conventions, and 13 much broader 'city' contracts that comprised 4,000 neighbourhoods as their direct beneficiaries".[136]

Fiscal autonomy of the communes, departments and regions was incrementally achieved as locally elected councils were encouraged to levy their own taxes and rely less on transfers and grants from the central government. In fact, constitutional amendments in 2003 legally designated local taxes as the main bulk of revenues for each tier of government, thereby pre-empting any fiscal recentralization initiatives.

Nonetheless, while the tutelage of the central government was now clearly weakened, it was not dismantled. The vertical transfer of power in favour of locally elected institutions as well as the establishment of mechanisms for horizontal cooperation among the country's numerous communes occurred simultaneously within the pre-existing context of administrative deconcentration. As illustrated in figure VI, reforms did not eliminate the office of the state-designated prefects or the deconcentrated ministerial offices under their authority. In fact, prefects are still important given that they officially serve as representatives of the Prime Minister and of all the ministers in his territorial collectivity.[137] While their responsibilities were now downsized, they maintained vital roles, including authority over policing and deployment of force within their departments, supervision over implementation of the central government plans and policies, and judicial review or ensuring the legality of decisions taken by general and regional councils.

France's gradual and rather complex decentralization reforms served to deepen democratic accountability, to create new territorially defined units entrusted with a range of policies, including service delivery, as well as to allow for partnerships among administrative units, thereby taking advantage of potential economies of scale. The system did not sacrifice the authority of the central government. This is the case given that the prefect retained domains of authority and, moreover, that, in many cases, local administrative bodies lacked the technical expertise found within the ranks of the authority of the central state. Vertical and horizontal cooperation has emerged as a key characteristic of France's reformed local government system. Scholars estimate that half of the French population has benefited from at least one inter-municipal collaborative project or joint initiative by central and municipal authorities. These initiatives evolved from collaboration in the field of infrastructural development to include schemes for social housing, employment creation and enhanced policing in urban contexts. Aside from facilitating the redistribution of resources in favour of poorer local units and allowing for a degree of national policy coordination, contract-based interactions between multiple layers of government indirectly strengthen the role of the central state. Indeed, the contribution of the state has typically been the largest source of funding for these contracts, although subnational government units, the European Union as well as the private sector have all co-financed initiatives. In addition, these contracts allow the central government to standardize policies, enforce quality control and pool resources, while also responding to locally identified needs. On the downside, however, critics warn that France's institutional restructuring may have undermined the overall efficiency and effectiveness of the local administration system by raising transaction costs for coordination among multiple actors.[138]

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[135] Ibid., p. 18.

[136] Ibid., p. 17.

[137] Vie Publique (n.d.).

[138] Reiter and others, 2010.

Figure VI. Decentralization and deconcentration

Legend:
- → Vertical transfers (decentralization)
- → Horizontal transfers (intercommunality)
- → Central government offices (deconcentration)

Central Government
Definition of national politics

Appoint

Regional Prefect
Coordinates the central state's deconcentrated departments and services

Prefect
Coordinates deconcentrated departments and services of the central state in the department

Subprefect
Coordinates deconcentrated departments and services of the central state in the country and municipality

22 Regions
Regional council – Directly elected, elects **Regional President**

96 Departments
General council – Directly elected, elects **President of department**

36,500 Municipalities
Municipal Council directly elected, elects **Mayors**

Association of municipalities

Agglomeration Communities
50,000 inhabitants including one municipality of at least 15,000 inhabitants

Urban communities
450,000 inhabitants

22
Economic development, secondary education, culture and cultural heritage, transportation (railways etc.) regional plans, infrastructure, some health
Created by law in 1882

96
Social and wealth affairs, secondary education, culture, transportation in the department, housing
Created by law in 1789

36,500
Local plans, primary schools, culture, childcare, building permits, waste management, urban and scholar transportation within the municipality
Created by law in 1789

B. STEPS TOWARDS SUCCESSFUL DECENTRALIZATION

The multiple dimensions, goals and arenas of decentralization often render it a complicated and somewhat difficult process to grasp. Practitioners from the field have identified several key characteristics as essential for the success of decentralization initiatives, regardless of its degree or objectives. These are described below.

1. *Societal dialogue within the state apparatus*

Inclusionary discussions (formal or informal) need to be held, thereby allowing for engagement among different government actors, as well as political parties, civil society and other stakeholders, including community representatives from different parts of the country. Ultimately, the decision to change the operations or responsibilities of state agencies on the ground is political in nature. The decision-makers' adoption of decentralization often cannot be separated from the immediate political calculus of power-holders. However, ongoing political transformations constitute a unique window for formulating institutional reforms that are rooted in a broad societal consensus among relevant actors, and reflective of a long-term vision for the country's development. In many cases, restructuring the state's apparatus did not emerge as a priority on the agendas of policymakers after the uprisings across the Arab region. Specifically, discussions of decentralization reforms were not part of national dialogues in the wake of these uprisings, and they remained largely elite-led efforts in the background of transition politics.

Once a consensus is reached among stakeholders, there is a need to disseminate proposals for change and familiarize the public with intended reforms through public-awareness campaigns. Ideally, these serve to highlight the powers and responsibilities of local administrative units as well as the mandates of locally elected bodies and applicable electoral laws. Capacity-building for elected local bodies should raise the awareness of local members of parliament regarding their mandate, relevant rules and regulations, as well as best practices in local budgeting and service provision, among others.

2. *Political vision and will*

Research indicates that, in many instances, political elite are officially committed to decentralization. Nonetheless, party platforms do not necessarily consider local government reforms as a high priority and proposed reforms do not adequately address the three dimensions of decentralization at the administrative, fiscal and political levels. Along parallel lines, party leaders in Egypt also tend to be ambivalent over the time frame needed for the implementation of reforms. While the majority stressed the need for long-term frameworks for putting in place decentralization steps and expressed concerns about possible risks, a few made the case for urgently implementing reforms in the light of ongoing political transformations instigated by the uprisings.

Nonetheless, there are signs that political elites may need to formulate and commit to serious visions of decentralization reform in the near future for several reasons. Firstly, preliminary evidence from Egypt shows that urban residents tend to distrust the prevailing local administration system. Secondly, youth, who represent a major segment of the population, tend to support overhauling the prevailing governance system and to demand better representation. Thirdly, there is increased awareness among activists that participation in local administration is essential for community empowerment. These empirical trends suggest that there is a need to restructure local government systems along two main pillars: (a) technical, which requires widening powers of local agencies and upgrading capacity of public officials at the subnational level to improve access to resources and efficiency of local institutions; and (b) political, which entails raising citizens' trust and sense of ownership vis-à-vis local institutions, as well as encouraging effective youth representation. The second pillar of reforms aims to strengthen accountability mechanisms and ensure broader representation of society. For accountability at the vertical level, reforms may not be solely enacted by introducing electoral mechanisms; rather, they could also materialize by establishing alternative tools for this purpose, including, among others, report cards designed to rate the performances of public officials and

citizens' rights to impeach them through petitions. Softer accountability tools may ideally be accompanied by transparent appointment of subnational office holders of an independent panel selected by the chief of the executive branch. Moreover, improving accountability of local officials in the eyes of the public requires strengthening horizontal accountability by differentiating between executive and legislative branches, as well as widening the mandated powers of the latter. In addition, ensuring broader representation of society entails reforming local electoral laws and appointing young cadres to local-level offices.

3. *Specific steps for decentralization reforms*

In addition to enshrining decentralization as a strategic goal, it is recommended that the constitution should form a multilevel body, coordinated by the government, to manage the implementation of decentralization reforms. Such a body should be able to communicate directly with all tiers of government, from the central government to all subnational units.

Where the local administration has ceased to function, fully or partially, it would be best to establish "transitional constitutional arrangements that organize and safeguard the passage from old to new forms of decentralized public administration".[139]

Constitutions may include a subsidiarity article that strengthens the local government tier and delegates them residual powers. Alternatively, where a social consensus has been reached on local governance reform, specific aspects of the state's administrative structure may be outlined in the constitution. Most importantly, the manner in which local authorities are constituted, the nature of their powers and authorities should be specified. In addition, the constitution should ideally outline the respective roles and responsibilities of the various tiers, as well as the local-level branches of power. Detailed outlines of the supervisory powers of central government and situations that warrant dissolution of local authorities are likely to pre-empt fragmented and/or contradictory reforms, while promoting clearer lines of vertical accountability.

4. *Authority of subnational administrative actors*

The weakness of states in many developing countries often limits the capacity of subnational actors to dominate society or to extend official rules, laws and regulations.[140] In many contexts, "formal subnational authority coexists with traditional community or tribal authority, which may serve key roles that need to be respected or even nurtured".[141] Moreover, the presence of single-party dominant systems has, in other cases, posed challenges to the de facto powers of local authorities. Institutionalizing the authority of subnational actors is the outcome of historical processes that require structural transformation in state-society dynamics. Institutionalization refers to "depersonalization of social practices or social organization", whereby policy goals are attained and "norms are observed independently of the persons that happen to fill the social positions".[142] Given that the uprisings represent a rare window of opportunity to remould political order as well as citizen-state relations, there is room for reform-minded actors to adopt steps geared towards institutionalizing local state authorities.

Political reforms promoting democratic governance at both national and subnational levels can contribute to depersonalizing institutions. A core aspect of the reform process is establishing viable checks and balances systems, as well as improving accountability. At the local level, this entails a strict separation of executive and legislative authorities, while strengthening the powers of the latter through political

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[139] Fedtke, 2013, p. 3.

[140] Migdal, 1988; Migdal and others, 1994; and Waldner, 1999.

[141] USAID, 2009b, p. 7.

[142] Baldersheim and others, 1996, p. 2.

decentralization steps. For instance, inclusive multiparty elections that are contested on a party list are likely to result in weakening the powers of traditional authorities and instigate shifts in citizens' relations with local state agencies. Similarly, placing limits on the number of years in office can weaken personalization tendencies.

At the legal-administrative level, minimum reforms entail clear specification of mandates in legal acts. In some contexts, more adequately delineated boundaries of local administrative units should be introduced in line with the distribution of resources, populations and infrastructure. Given that reforms have, in some cases, led to institutional layering or the addition of new territorially defined units, including regions, there is a pressing need to adopt a uniform delineation of these new units across all government agencies as well as to differentiate clearly their responsibilities from other government tiers.

5. *Sequenced reforms that strengthen lower tiers of government*

Most countries in the region have initiated administrative deconcentration, with some going further than others in pursuing fiscal decentralization and/or introducing locally elected authorities. In many cases, decentralization has remained unfinished due to a lack of effective horizontal accountability mechanisms, the fusion of executive and legislative powers at subnational tiers and the shortage of adequate resources at local levels. These structural weaknesses have undermined citizens' trust in local authorities and contributed to relatively high perceptions of corrupt practices among power-holders.

In many contexts, decentralization reforms should build on earlier initiatives by delegating greater administrative powers and mandates to already deconcentrated units. This step should unfold in parallel with implementing fiscal decentralization measures first on the revenues side, followed by the expenditures side. These reform tracks will strengthen the ability of local authorities to deliver reliable services that cater to the needs of their constituencies. As illustrated in table 3, this reform sequence would result in a low degree of change in power relations among national and subnational tiers of government.

TABLE 3. SEQUENCE AND EFFECTS OF DECENTRALIZATION ON THE INTERGOVERNMENTAL BALANCE OF POWER

Prevailing interests in first move		First type of decentralization	Type of feedback mechanisms		Second type of decentralization	Third type of decentralization		Degree of change in the intergovernmental balance of power[*]
Subnational	→	Political decentralization	Self-reinforcing	→	Fiscal decentralization	Administrative decentralization	=	High
National	→	Administrative decentralization	Self-reinforcing	→	Fiscal decentralization	Political decentralization	=	Low
Subnational	→	Political decentralization	Reactive	→	Administrative decentralization	Fiscal decentralization	=	Medium/low
National	→	Administrative decentralization	Reactive	→	Political decentralization	Fiscal decentralization	=	Medium
Tie	→	Fiscal decentralization	Reactive	→	Administrative decentralization	Political decentralization	=	Medium/low
Tie	→	Fiscal decentralization	Self-reinforcing	→	Political decentralization	Administrative decentralization	=	High

Source: Faletti, 2005, p. 323.

Note: [*] A positive direction of change in the intergovernmental balance of power reflects a move toward greater autonomy of subnational officials vis-à-vis national officials. Thus, a "high" value in the degree of change of the intergovernmental balance of power corresponds to a higher degree of autonomy for governors and mayors, whereas a "low" value indicates that the degree of autonomy of subnational officials has remained practically unchanged.

6. *Accountability as a crucial component of decentralization reforms*

In cases of devolution, voters hold officials responsible for their performance through the ballot. Political decentralization, in theory, should not fundamentally undermine the central government's power when it follows administrative decentralization (table 3).

Arab uprisings have brought the question of democratic governance and participation to centre stage. However, reforms have emerged as a contentious issue owing to the absence of essential criteria for democratic multi-tier governance systems. The first are constitutional and legal reforms that clearly distinguish legislative from executive powers at the subnational levels as well as disentangle the institutional legacies of single-party rule at the local level. The second is the strengthening of centrist-party tendencies and coalition-building strategies among political parties to moderate polarization of political systems. The latter step is particularly crucial when it comes to lowering the risks that newly elected national elites manipulate local-level reforms to their party's favour or refuse to work across party lines in regions where their own candidates fail to win office. Finally, there is preliminary evidence that, while youth favour political decentralization, there is a general disillusionment among broad segments of society over the introduction of elections as a mechanism for local accountability. Accordingly, in the short term, accountability of local authorities needs to be institutionalized through non-electoral mechanisms. In fact, where officials are appointed, "complaint adjudication boards, citizen report cards and performance-based employee reviews that include citizen feedback can enhance accountability".[143]

7. *Investing in resources*

The most commonly administered criticism to local authorities – at provincial, municipal, district and even sub-district levels – is their limited human capacity to manage and administer services in the Arab region.[144] An initial reform step is to ensure that competencies within line ministries are not overly centralized. For this purpose, UN-Habitat recommends that the "service conditions of local government employees, including selection, remuneration and career prospects, should be consistent with national standards".[145] This would enable subnational government tiers to recruit and retain high-performing staff.

Over the longer term, local executives can play a vital role in formulating a cohesive strategy for building the capacity of subnational tiers of administration. A rigorous assessment of the capacity of local executives should be implemented. This can enable stocktaking of existing skills, resources and institutional capacity levels, as well as of specific additional positions, training needs and funding necessary for the performance of newly assigned roles. Owing to the importance of sustainable development of local-level capacities and skills, there is a need to target training efforts as well as staff development initiatives to middle-ranked as opposed to more senior members of the civil service. Ultimately, the success of capacity-building at the local level will hinge on adequate decentralization along all three dimensions, as well as effective coordination among the various ministries to allow for effective government practices and synergy at the local level. Finally, given the importance of improving local government responsiveness and strengthening overall state capacity, there is a need to improve access to information. To that end, policy priorities should include improving local-level data collection, analysis of pertinent trends as well as dissemination of statistical information to other tiers of government. Information technologies can facilitate access to data and, moreover, enable policymakers to monitor implementation as well as evaluate outcomes.

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[143] Khemani, 2010, p. 7.

[144] United Cities and Local Governments, 2010, pp. 58-59.

[145] UN-Habitat, 2007.

8. *Fiscal decentralization*

Effective decentralization and local autonomy require "appropriate financial autonomy".[146] However, an asymmetric development of the state's extractive capacity as well as uneven development across the region may necessitate a classification criterion, which places local governments into different categories that have asymmetric taxing, spending responsibilities and borrowing privileges. The allocation of financial resources to local governments should be commensurate with their mandates and delegated responsibilities. A significant proportion of the financial resources of local authorities should derive from local sources of revenue. Accordingly, the gradual lifting of state controls on local fees and taxes should take place after local revenue is generated. This will create an incentive for fundraising at the local level. Central governments should also establish transparent rule-based transfer systems, with explicit formulas for equalization. Such a mechanism could serve to moderate uneven development gaps while improving transparency and the adoption of good governance practices.

Fiscal decentralization should be treated as a cross-cutting policy issue given that it carries implications for most government ministries. In other words, decentralization on the revenues and expenditures sides requires coordinated planning in such a way that allows ministries to continue to pursue their policy goals. In addition, decentralization should be implemented with a close eye at maintaining an enabling framework for other reform steps within ministries of finance, including macroeconomic stability, improved budget planning and transparent allocation processes.

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[146] Ibid.

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FUNDS ALLOCATED TO DECENTRALIZATION IN EGYPT, TUNISIA AND YEMEN

A. EGYPT			
Pre-uprisings			
Project	Period	US$	Donors
Project profile for Participatory Development Facility	2003-2013	6 306 484	Canada
Child Protection Development Facility	2001-2013	480 000	Canada
Support to Social Development		26 718 121	European Union
Egypt-Sohag Rural Development Project	1997	147000000	IDA IFAD Government Villages Sohag BDAC
Egypt-Sohag Rural Development Project	1998	93 800 000	IDA IFAD Government Villages Sohag BDAC
Egypt-Sohag Rural Development Project	2008	30 500 000	IDA IFAD
First Social Fund Project	1991-1996	650 300 000	European Community Government/USAID Arab fund Kuwait Fund, Switzerland, Abu Dhabi Fund, UNDP
World Bank	1993-2004	29 500 000	Matruh resource Management Project
Second Social Fund Project	1996-2001	1 200 00 000	European Community Government/USAID Arab fund Kuwait Fund, Switzerland, Abu Dhabi Fund, UNDP Netherlands
Third Social Fund Project 1999	1999-2006	65 000 000	UNDP IDA+IBRD credit
Population Project 1996	1996-2005	172 000 000	IDA government and communities
Sohag Rural Development Project 1999	1998-2005	30 500 000	World Bank
Social Protection Initiative Project (1999)	1999-2002	5 000 000	World Bank
Participatory national, regional and governorate strategic planning for balanced spatial development	2009-2013	3 850 000	GOPP/UNDP
Integrated Programme to Promote the Rights of Persons with Disabilities in Egypt	2007-2011	1 150 000	Ministry of Social Solidarity/UNDP (ILO, WHO and UNICEF technical expertise)
Implementation mechanisms of the Strategic Development Plan of Southern Egypt	2002-2007	733 829	UNDP/GOPP
Participatory Strategic Urban Planning for Alexandria City	2009-2012	5 000 000	Ministry of Housing, GOPP
Participatory and Integrated Health and Urban Social Development	2007-2011	1 387 523	Italian Government (US$1 317 523) UNDP (US$70 000)
Bioenergy for Sustainable Rural Development	2007-2011	15 390 000	UNDP/GEF – Local NGOs and private sector : Centurion Petroleum Corporation/MISR-Project (Gov. of Egypt, UNDP, Gov. of Netherlands, Gov. of Canada)/Spanish MDG Fund/UNDP
Strengthening Protected Area Financing	2007-2011	18 932 200	GEF UNDP, Government of Egypt

A. EGYPT			
Pre-uprisings			
Project	Period	US$	Donors
Dashour community development project	2009-2011	3 095 086	UNDP, ILO, UNESCO, WTO, UNIDO
South Sinai Regional Development Programme in Egypt	2007-2010	85 395 403	EC contribution (US$432 000)
Upgrading of Informal Areas in the Greater Cairo Region	2004-2010	26 685 176	EU/German Technical Cooperation/Bill & Melinda Gates Foundation/Ministry of Planning and International Cooperation
Water Sector Reform Programme – Phase II (WSRP-II)	2009	160 112 252	DPG/EU Delegation/Dutch Development Cooperation in Egypt
Support in the field of democratization, human rights and civil society	2006-2009	6 404 639	European Union
MP Egypt Campaign 2&3/The Egyptian democratic status watch (3 projects)	2005	881 952	European Union
Education Sector Policy Support Programme	2008	5 350 0347	European Union, World Bank
Support for political development, decentralization and promotion of good governance	2008	4 002 988	European Union
Family justice project	2009	17 000 000	USAID
Education Reform Programme (ERP)	2004-2009	51 261 416	USAID
Egyptian Decentralization Initiative	2006-2011	22 000 000	AECOM International Development
Combating corruption and promoting transparency	2008-2012	1 959 935	USAID
Project for Establishment of Water Station in Mit Rahina	2009	88 888	Japan
Project for Mobile School Vehicle for Working Children	2008	57 500	Japan
Project for Medical Checkup Vehicle in North Sinai	2008	88 444	Japan
Project for Improvement of Public Schools in North Sinai	2008	87 111	Japan
Project for Improvement of Primary Schools in Monofeiya	2008	86 666	Japan
Project for Improvement of Primary Schools in Al Badary, Assuit	2008	85 664	Japan
Project for Improvement of Primary Schools in Alexandria	2007	82 692	Japan
Project for Improvement of Treatment of Agricultural Waste in Gafar, Beni Suef	2007	67 053	Japan
Project for Construction of the Hospital in Sadat City	2007	86 105	Japan
Project for Improvement of Vocational Training Centre in Bashandy, New Valley	2007	69 928	Japan
Project for Improvement of	2007	60 254	Japan

	A. EGYPT		
	Pre-uprisings		
Project	Period	US$	Donors
Truck for Sewage Removal in Ezab al-Kasr, New Valley			
Project for Improvement of Public Schools in Sinnouris, Fayoum	2007	85 286	Japan
Project for Construction of Educational-Vocational Centre in Tod Village	2007	34 746	Japan
The Project for Provision of Hemodialyzers in Menia	2006	19 296	Japan
Project for provision of the Medical Equipment in Dakhaleiya	2005	11 140	Japan
Project for Provision of Dental Equipment in Smbhoud Village	2005	63 836	Japan
Total: $1 856 921 960			

A. EGYPT			
Post-uprisings			
Project	Period	$	donors
EG – Helwan South Power Project	2013	2 404 400	International Bank for Reconstruction and Development, Arab Fund for Economic and Social Development, Islamic Development Bank, Kuwait Fund for Arab Economic Development, OPEC Fund for International Development
Increase political and civic participation and engagement	2011-2012	776 925	USAID
Let's Change for Tomorrow	2011-2012	366 547	USAID
Civil Society Support (CSS) Programme	2010-2013	5 699 515	USAID
Public Administration Reform and Local Development	2010	12 017 100	European Union
Support to Rural Development	2013	13 351 519	European Union
Canada Fund for Local Initiatives (CFLI)	2011-2012	268 616	Canada
Mobile Eye Care Unit in Beni Suef	2012	93 049	Japan
Improvement of Wastewater Treatment System and the Sanitary Conditions in Senoris, Fayoum	2012	105 787	Japan
Improvement of Medical Service in El Beheira	2011	53 833	Japan
Improvement of Kidney Treatment Unit in Tala City, Monofeiya	2011	82 666	Japan
Enhancing the Vocational Training Project for Environmentally Friendly Agriculture in New Valley	2011	110 396	Japan
Vocational Capacity-building for Bedouins in North Sinai	2010	98 478	Japan
Supporting Capacity-building of Youth in Sohag	2011	108 333	Japan
Building Youth Skills to Work in the Field of Development and Rebuilding in Assuit	2011	104 995	Japan
The Project for Improvement of the Mother and Child Clinic in Kafr Shukr	2012	52 747	Japan
The Project for Construction of Rehabilitation Developer Centre for People with Disabilities in Damietta	2012	107 059	Japan
Project for Building Supply Network in Ezbet el Haggana	2011	36 555	Japan
Project for Improvement of Mother and Child Care Clinic in Menia	2011	43 272	Japan
Total: $35 881 792			

B. TUNISIA			
Pre-uprisings			
Project	Period	US$	Donors
Municipal Sector Investment Project	1992-1999	207 700 000	IBRD, USAID, Ministry of Interior
Agricultural Sector Investment Loan	1993-2000	211 000 000	IBRD, IDA
Rural Road Project	1995-2003	88 700 000	IBRD
National Rural Finance Project	1995-2003	420 000 000	IBRD French Agency For Development, Germany: Kreditanstalt für Wiederaufbau (KfW)
Natural Resources Management Project	1997-2004	51 300 000	European Commission, IBRD
Second Municipal Development Project	1997-2003	220 000 000	IBRD Bilateral Agencies (unidentified)
Second Agricultural Sector Investment Loan Project	1998-2003	220 000 000	IBRD
Health Sector Loan Project	1998-2003	101 000 000	IBRD
Water Sector Investment Loan Project	2000	69 300 000	IBRD, Kreditanstalt für Wiederaufbau (KfW)
Second Water Sector Investment	2008	170 000 000	IBRD, African Development Bank, French Agency for Development
Education Quality Improvement Programme	2000-2006	206 730 000	IBRD
Agricultural Support Services Project	2001-2008	42 450 000	IBRD, government
Third Municipal Development Project	2002	199 770 000	French Agency for Development, IBRD, government
Northwest Mountainous and Forestry Areas Development Project	2002	44 860 000	IBDR, local lending sources,, government
Agropastoral Development Programme for the Promotion of Local Initiatives for the Southeast	2003-2010	5 220 000	IFAD, OPEC Fund for International Development
Development Project of Small and Medium-size Farms in the Governorates of Kef and Siliana	1995	45 900 000	IFAD, WFP
Sidi Bouzid Irrigation Project	1984-1992	7 300 000	Ministry of Agriculture and Water Resources, Office of Development of Irrigated Perimeters of Sidi Bouzid, World Bank
Sidi Bouzid Rainfed Agriculture Development Project	1986-1993	13 300 000	IFAD, WFP
Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Mellegue Watershed	1989-1999	25 300 000	IFAD, Islamic Development Bank
Sidi M'Hadheb Agricultural and Fisheries Development Project	1992-2000	37 200 000	IFAD, Islamic Development Bank, Tunisian Foundation for Community Development
Integrated Agricultural Development Project in the Governorate of Kairouan	1995-2004	28 300 000	IFAD, Islamic Development Bank
Development project integrated agriculture (PDAI) of Kairouan	2005-2007	41 341 384	ADB, Delta, government

B. Tunisia			
Pre-uprisings			
Project	Period	US$	Donors
Integrated Agricultural Development Project in the Governorate of Zaghouan	1999-2008	33 400 000	Regional Commissariat for Regional Agricultural Development, National Center for Agricultural studies, the Arab Fund for Economic and Social Development
Development project for integrated agriculture in the governorate of Siliana	1996-2005	41 700 000	France/French Development Agency
Integrated Agricultural Development Project in the Governorate of Siliana Phase II	2007-2014	55 300 000	IFAD France/French Development Agency
Project for the support of teaching at the secondary phase II	2006	151 528 000	ADB, Delta
Total: $2 019 949 384			

		B. TUNISIA	
		Post-uprisings	
Project	Period	US$	Donors
Local Governance	2013	100 000 000	International Bank for Reconstruction and Development
Integrated Local Development	2010	11 069 0000	IBRD, French Development Agency
Community Works and Local Participation	2012	3 000 000	Japan Social Development Fund
Community Health Collaborative	2011-2015	880 000	Japan Social Development Fund
Agropastoral Development and Local Initiatives Promotion Programme in the South-East - Phase II	2012	52 000 000	IFAD Spanish Fund
Democratic Governance	2011-2012	18 932 000	AusAid, Belgium, Denmark, Japan, Norway, Romania, Sweden, Spain, Switzerland, United Kingdom, EU, UNDP
Local development for inclusive accessibility of disabled persons	2012-2015	928 549	French Development Agency
Local inclusive development and universal accessibility for the social participation of disabled persons	2010-2014	561 109	Monaco
AEP programme in rural areas	2012	133 462 232	ADB, Delta
Integrated agricultural project for North Gafsa	2014	29 910 797	Delta
Support project for the economic revival and inclusive development	2012	498 883 501	ADB, Delta
Project for purification, restructuring and development of distribution networks	2010	79 429 715	ADB, Delta, government
Support to public management of the water sector for rural and agricultural development	2010	75 617 566	European Union
Twinning	2012-2013	26 797 174	Euromed
European Instrument for Democracy and Human Rights (EIDHR)	2011	2 652 286	Europaid
Non States Actors and Local Authorities (NSA/LA)	2011	3 315 634	Europaid
Agropastoral Development and Local Initiatives Promotion Programme in the South-East - Phase II	2012	52 000 000	IFAD Spanish Fund
Total: $1 186 408 277			

		C. YEMEN	
		Pre-uprising	
Project	Period	US$	Donors
Yemen Decentralization and Local Development Project	2004	6 320 000	IBRD IDA
Basic Education Expansion Project	2007	62 600 000	Government, local communities, IDA
Social Fund for Development Project	1997-2003	85 000 000	Arab Fund For Economic and Social Development, European Commission, IDA, Netherlands
Second Social Fund for Development Project	2000-2006	175 000 000	Arab Fund For Economic and Social Development, European Commission, Government of US, IDA, Islamic Development Bank, local governments, Netherlands, OPEC Fund, NGOs of borrowing country
Social Fund for Development III	2004	400 000 000	IBRD, IDA, Kuwait Fund, DFID, Saudi Fund, OPEC, USAID
Additional financing for social fund for development	2007	15 000 000	IDA
Additional financing for social fund for development	2008	10 000 000	IDA
Decentralization Local Development Support programme (DLDSP)	2003-2007	9 860 000	UNCDF, UNDP, USAID, Social Fund for Development, Denmark, Italy, France
Expanded Democracy and Governance in Yemen	2003-2006	3 500 000	USAID
Healthy Motherhood	2009-2013	3 000 000	IBRD, IDA
Education for All - Catalytic Fund II	2006-2007	10 000 000	IBRD, IDA
Education for All Fast-track Initiative - Catalytic Fund III	2009-2013	20 000 000	IBDR, IDA
Child Development Project	2000-2005	45 340 000	IDA, local governments, UNICEF, local communities
Family Health Project	1993-2003	30 200 000	IBRD, IDA
Eastern Regional Agricultural Development Project	1989-1997	15 000 000	IBRD, IDA
Wadi Hadramawt Agricultural Development Project	1989-1997	12 000 000	IDA, IBRD
Al Mukalla Water Supply Project	1988-1998	25 000 000	IDA, IBRD
Northern Regional Agricultural Development Project	1988-1986	17 600 000	IBRD, IDA
Education Project (04)	1984-1992	10 400 000	IBRD, IDA
Education Project (06)	1984-1993	10 000 000	IBRD, IDA
Advisory Support to the Ministry of Planning and International Cooperation	2008-2012	1 138 400	UNDP, TRAC
Total: $966 958 400			

C. YEMEN			
Post-uprisings			
Project	Period	US$	Donors
Additional Financing for Social Fund for Development IV	2010	25 000 000	IBRD, IDA
Local Governance Support Project	2010-2014	12 081 505	Government of Yemen, UNDP, TRAC, UNCDF, UNIFEM, USD, Government of France
Social Fund for Development IV: Community and Local Development Programme : education	2011	83 000 000	
Social Fund for Development IV: Community and Local Development Programme : health	2011	5 600 000	
Social Fund for Development IV: Community and Local Development Programme : special groups with needs	2011	2 900 000	
Social Fund for Development IV: Community and Local Development Programme : water and environment	2011	65 400 000	
Social Fund for Development IV: Community and Local Development Programme : agriculture and rural dvp	2011	14 600 000	
Social Fund for Development IV: Community and Local Development Programme : training and organizational support	2011	4 700 000	IDA, World Bank, European Union, Saudi Arabia, United Kingdom, Netherlands, OPEC, Arab Fund for Economic and Social Development, Sultanate of Oman, International Fund for Agricultural Development, Islamic Development Bank, Abu Dhabi Fund for Development, Yemen, UNDP
Social Fund for Development IV: Community and Local Development Programme: labour-intensive work programme	2011	18 700 000	
Supporting primary health care, emergency medical services and mass casualty management and responding to disease outbreak in Abyan, and neighbouring governorates	2013	3 000 000	Japan
Emergency Response for the South	2012	8 300 000	Japan
Yemen Health and Population	2011-2013	37 000 000	IDA, IBRD
Strengthening the Powerless Groups through a Family-Community Led Programme	2010-1013	2 740 000	IDA, IBRD
Integrated Urban Development Project (IUDP)	2010-2015	23 000 000	IDA, IBRD
Total: $306 021 505			