AN ESSAY ON THE EGYPTIAN EXPERIENCE
IN DEVELOPMENT ADMINISTRATION

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This is called an essay purposely to mean a short, analytical and interpretative attempt based on personal observation and viewpoint. As several descriptive studies have been made on the topic in the past, no effort is being made here to narrate the historical development of institutions and their functions in Egyptian administration. One would have liked to present a clear picture of the post 1973 situation of the administrative scene. However, no such attempt is being made because the situation is not yet clear. What is emerging in the wake of an avalanche of new policies, new regulations, new legislation, and new approaches is too early to be considered final. The word 'developing' or 'transitional' seems to have a narrower temporal dimension in the present situation of Egypt. At least in the metropolitan and urban areas the term 'galloping' seems to be more applicable to describe certain activities and their impact. How does such a situation interact with the administration and what are the capabilities of the system to absorb it and to deliver the goods? Can the experience of the past two decades really help us discern certain positive elements good for further application in Egypt? Or, is it necessary and possible to have a total overhauling of the system? If necessary, should we imitate foreign models or, should we look for inspiration from within? These are the questions facing the social scientists and planners in Egypt today.

Special Features and Constraints

Development administration can be studied only in the context of development activities. In Egypt, development activities after 1952 were not limited just to the development of existing agricultural land and the creation of new industries. Alongside the introduction of agrarian reforms, development of steel and other industries, and building the High Dam, Egypt had to undertake certain unique projects like the reclamation of desert lands, rehabilitation of evacuees from the High Dam site, running of the nationalised industries and the Suez Canal, and finally the reconstruction of cities and buildings destroyed by the enemy.

Major constraints in undertaking new and unfamiliar developmental ventures were imposed by the continuous preparation for war which caused a major drain on the economic, human and intellectual resources of the nation. Top level leaders of the country had to devote a considerable amount of their

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time and energy in discussing and planning the strategy for war and peace. According to President Anwar Sadat, Egypt will need 4000 million Egyptian pounds to

rebuild its economy which has been severely drained in the seven years before the October War and the two years that followed. (2)

It goes to the credit of Egypt, however, that despite participation in four wars during twenty-five years, it has still been capable of undertaking some tremendous tasks of reconstruction and development. Nor has the still continuing threat of war dissuaded her leaders from planning for greater leaps forward in the socioeconomic sphere. Whereas the Open Door policy of attracting investors to participate in the proposed boost to the Egyptian economy is a bold experiment in financial diplomacy, its realistic implementation will require several administrative innovations. The Minister of Planning emphasized recently the need for high level executive performance in order to encourage an increase in investments. (3)

History of Administrative Reform in Egypt

A paper by the late Mr. Youssef Kholoussi of the Central Agency for Organization and Administration on administrative reform efforts till 1971 is one of the most concise and chronological papers written on the subject. (4) It lists down a series of reforms attempted by the government through appointed committees, foreign experts, training institutions, and finally, the Central Agency for Organization and Administration. In the end the paper indicated the view that:

previous reform efforts were of minor effect on the effectiveness of the administrative system of the UAR, for such efforts have been emphasizing formal reorganization rather than the behavioral aspect and the dynamics of reform. Moreover the 'merit principle' is still far behind being a reality. (5)

My paper on 'Challenges to Development Administration in Egypt' also put stress on the need to supplement the formal and mechanical reforms with certain dynamic elements for development. (6) It is the contention of this essay that the dynamism required for the successful operation of development projects in any country has to be generated from within the country rather than from abroad. Any number of foreign models, experts and local experts with foreign training, and visits by those concerned to foreign countries are not enough for the development of a country. What is required is a willingness to study thoroughly the environment of planning and administration in the country concerned, and to analyze the problems in the light of the values and interests of the country.
Some Prevailing Problems

Many studies about Egyptian administration until 1973 have indicated the prevalence of some problems like overstaffing, bureaucratic negligence, red-tape, multiple channels of control which obstruct the creativity of public enterprises, unwillingness of bureaucracy to accept responsibility, ineffectiveness of reform measures and the lack of commitment at several levels of the hierarchy. (7) Along with the recent liberalization of the press and the strengthening of the parliament one also hears criticisms of corruption, bribery, and nepotism. (8) Whereas it is easy to make such allegations against a department or agency, no real study of the extent of the prevalence of such problems and their root causes has been undertaken by the government nor by independent scholars or journalists. At the same time the repetition of such observations does not serve any purpose in improving the situation.

What is needed is to look for the instances where things have gone better, where dynamism was able to produce results, where exemplary leadership not only accepted challenge, but solved problems, and where the targets were achieved in record time. Out of such a positive analysis one may be able to glean some lessons for action and replication. In spite of all the bureaucratic and administrative lacunae in the society mentioned earlier, Egypt was able to run the Suez Canal profitably after nationalization even without enough technicians. Similar was the success of the High Dam which had started off in the midst of great financial difficulties. The early stages of agrarian reforms and the successful launching of the Local Savings Bank the idea of which later created the Nasser Social Bank and many other successful experiments provide challenge to the social scientist to locate some concepts and practices which seem to get responsive and responsible cooperation from the employees and the citizens of Egypt.

Administration of Agrarian Reform

One of the earliest administrative challenges successfully encountered by the leaders of Egyptian revolution was that of the Agrarian Reform Law No.178 of September, 1952. Engineer Sayed Marei was appointed the Executive Director of the Higher Committee for Agrarian Reform. A former member of the parliament, Eng. Marei was also made the Minister of State for Agrarian Reform:

Some of his initial encounters with government bureaucracy attested to the frustrating inertia of Egypt's civil service as department after department refused to cooperate with his as yet independent organization. (9)
He faced opposition from the wealthy landowners who tried to sabotage the most publicized program of the revolution. Ultimately,

Mr. Marei, an able administrator, came to an obvious conclusion: matters could not be dealt with within the existing framework of government bureaucracy. (10)

He found it difficult to get funds or cooperation from the ‘old order’ bureaucracy. He reported the matter to the Free Officers and got a million pound advance from the Agriculture Credit and Cooperative Bank which was once reticent to grant him the amount. Moreover, the Higher Committee for Agrarian Reform became:

an independent body with a separate budget and its own rules and procedure which govern all budgetary and administrative matters.(11)

Even more significant was the permission to recruit personnel without the limitations of civil service regulations. This meant that greater pay inducements could be offered and incompetent employees could be more easily dismissed. By the end of 1953.... the HCAR had become known for its competent staff. (12)

What followed is a part of modern Egyptian history. Whether all the socioeconomic goals of agrarian reform have been achieved or not, the task of redistribution of land without loss in production entrusted to Eng. Marei and the HCAR was considered a success. (13) It is doubtful if this could have been achieved if the HCAR was an integral part of the government structure. (14)

Suez Canal

The nationalization of the Suez Canal, aside from its political and economic implications, provided great challenge for the demonstration of Egyptian managerial skill. According to the Times of London:

an international waterway of this kind cannot be worked by a nation of low technical and managerial skills as the Egyptians. (15)

However, it is also part of modern history how, with a limited number of technicians and managers they worked hard after nationalization of the Canal and transfered its image from ‘a symbol of foreign domination to a symbol of managerial efficiency. (16) It is remarkable that for the successful operation of the canal an able administrator was chosen and provided with considerable
degree of freedom to run it without bureaucratic red-tape. It is well known that the Egyptianization of the Canal did not in the least affect its efficiency despite the fears expressed by many in the West. This was possible largely because of the leadership of Engineer Mahmud Younis who was given the challenge of administering it even better than the French. He could, as the nation did, draw inspiration from the success of the new policy and from the goals of the revolution identified by the leadership of the nation. Given the freedom to run it in the best interest of the nation, he was in turn able to inspire the young Egyptian pilots and officers to work double their usual time.

The High Dam

One of the immediate objectives announced for the nationalization of the Suez Canal in 1956 was the need to finance the proposed High Dam. The success of the Suez operation definitely bolstered the self confidence of Egypt regarding its ability to build the High Dam as well. Just as in the cases of agrarian reforms and the Suez Canal, the method adopted was that of putting one person with great administrative capacity in charge of it, giving him great deal of freedom from routine bureaucracy. Engineer Sidki Suleiman was simultaneously appointed to hold the dual positions of Minister of High Dam and of Director of High Dam Authority in 1962. At once he decided to move to Aswan. He was responsible for overall planning, organizing, controlling, directing and follow up. (17) Being the Minister and the Director of the Authority, Eng. Suleiman could take and implement decisions without waiting for consent from Cairo. It is important to note that in order to facilitate his authority, the Republican Decree No. 52 of 1962 was issued which provided the High Dam Authority with an independent budget and complete freedom in personnel matters including hiring and firing.

According to Souraya Hamdan, Engineer Suleiman made use of the special authority given to him with a full sense of responsibility. He came at the command of the President and everybody knew that he was definitely the boss. The shifting of the headquarters of the Ministry to Aswan freed its operation from a great deal of theoretical discussion in Cairo and established the pre-eminence of the engineers at Aswan. The Minister was reported to have worked twelve to fourteen hours a day at his office or on the site. He served as a living example for superiors to go to their subordinates which was in contrast to the traditional custom. It seems that the entire style of administration was different from that elsewhere in the government departments. Workers often made suggestions which helped problem-solving. Decision-making as well as follow-up were on the spot and the workers willingly participated in the process at every stage. They could take urgent papers to the superior officers and discuss the matter and get the signature of approval:
The telephone did not symbolize prestige and authority to be used in dictating orders, it was used as an effective, rapid, practical means of communication horizontally and vertically. Any worker could call his superior at his home or office whenever necessary. (18)

In short, bureaucratic red-tape was avoided effectively and the result was the completion of the first and the second stage of the construction on time and the final opening of the High Dam one year ahead of the schedule.

The Agrarian Reforms, Suez Canal and the High Dam are not exclusive cases of successful operation and management in recent history. Many small units of public and private enterprise also can claim success. However, certain methods of authorization, delegation of authority, personnel management, communications, and above all, efforts for attaining commonly cherished objectives seem to have been adopted in all the three projects. No doubt, in all the three cases cited, the trust of the national leadership in the administrators chosen and the freedom of operation granted to them are important and perhaps the most crucial aspects to be taken into account. This argument can be extended to explain the success of many institutions in Egypt. However, such a way of thinking leaves a negative image of the regular bureaucracy and the agencies of the government. Routine day-to-day administration is held inadequate to act as the instrument for rapid change. That seems to be the reason again for the recent freedom of action and autonomy granted to the Minister of Housing and Reconstruction for his development plans for the cities destroyed in war.

Ministry of Housing and Reconstruction

The appointment of the internationally successful engineering contractor Mr. Osman Ahmed Osman to head the Ministry of Housing and Reconstruction after the October 1973 War with a mandate to rebuild the cities of Suez, Ismailia and Port Said and other areas was a unique step following the traditions of the cases cited earlier. It may be recalled here that Engineer Osman Ahmed Osman's Arab Contractors are reported to have done seventy percent of the work on the High Dam. (19) Whereas in the case of the High Dam his company was working under the direction of Minister Sidki Suleiman, now he is himself a cabinet minister with the following special powers authorized by Law 62 of 1974: (20)

**Article 1** - authorized the Minister of Housing and Reconstruction for making the reconstruction plans for Sinai Province, Canal cities, western desert, and any area which may be allocated to it in the future.

**Article 2** - The Minister has the right to transfer any allocations to other cities within the total amount authorized to the Ministry.
Article 3 - The Minister has the authority to disperse foreign currency allocated to the Ministry.

Article 4 - The Minister has the authority to issue financial regulations without adherence to government rules concerning procurement, auctions, contracts, accounting etc.

Article 5 - Foreign business working in reconstruction are exempted from taxes.

Article 6 - The Minister can issue personnel regulations after cabinet approval.

Article 7 and 8 - The Minister has the right to hire foreigners and Egyptian experts without adhering to prevailing laws and regulations.

It is too early to pass judgement on the activities of the Ministry. However, anyone who has been to the Canal cities before and after the reconstruction efforts, is impressed with the rapidity with which buildings have come up, roads constructed, free zones created and the Master Plans being prepared with the help of foreign consultants. Nevertheless, as was indicated earlier, such endowment of special privileges and powers on one ministry gives the impression that tasks of rapid reconstruction cannot be undertaken in the normal way by existing personnel under existing regulations. At the same time the developmental tasks of the nation are not limited to the reconstruction of the Canal cities. In one way or another, the wars have affected the entire population and stunted the growth of all areas. Reforms for development administration therefore have to take into account the improvement of the entire gamut of government machinery. It is the contention of this essay that in doing so, valuable lessons can be learned from the experience of the activities undertaken by the relatively autonomous authorities or ministries cited without necessarily trying to create an impossible state of autonomous institutions. Moreover, semi-autonomous corporations or authorities for accomplishing specific developmental purposes within short period is not a unique Egyptian experience. The TVA and many of its imitations are there in many parts of the world. Our question however is whether the experience learned through such authorities can provide lessons for running regular government machinery in Egypt.

The Spirit of 1973

Before suggesting reforms on the basis of the lessons of successful cases cited earlier, it is important to refer to the new atmosphere created in the country after
the October War. Just as the 1956 War imbued a spirit of self-confidence in Egypt, the 1973 War also inspired the nation with a feeling that Egypt could do things on her own on the basis of sound planning. President Sadat put this point succinctly:

The October War experience has proved that sound scientific planning is the basis of every successful action.... I do not need to affirm that planning does not mean restrictions and administrative complications. Our principle stems from centralization in planning and decentralization in implementation. Once the general plan is defined, then all would move within its framework in freedom and flexibility. (21)

The freedom and flexibility reflected in the working of the Ministry of Housing and Reconstruction are also reflected in some of the legislation adopted recently. Three such legislative measures are worth mentioning here viz., Law 43 of 1974 to facilitate the Open Door policy, the abolition of Public Organizations thus facilitating the freedom of operation of public sector companies, and the new local government law creating elected local councils at governorate, district and village levels.

Law 43 of June 1974 (22)

This Law was created in order to facilitate foreign investments in Egypt for joint ventures in business. Several articles in the Law provided from the freedom and flexibility necessary for foreigners to operate in Egypt. Guarantees against nationalization, exemption from public sector regulations, foreign exchange transfer facilities, importation of machinery and spare parts irrespective of existing rules on it, tax exemptions of various types, the right of foreigners to transfer up to 50% of their gross earnings, free zone facilities without customs procedures etc., are some of the facilities legalized for the benefit of foreign investors.

The working of the Law 43 has, however, generated several problems. Open Door is not just an economic policy. Politically, it implies apparently, a positive drift towards capitalist philosophy. This means the need to change the attitude of hundreds of civil servants and the people who have been told for the past two decades about the virtues of socialism. Here it may be pointed out that ironically, whereas the success of the Suez nationalization created a trend towards more nationalization and state enterprises in Egypt, (23) the victorious crossing of the Suez in 1973 was followed by the Open Door policy. This is perhaps based on the belief that Egypt can hold on its own and to stand benefit and develop even while closely tied up with foreign capitalists. However, in its
operation, the new Law has to depend upon many agencies of the government and public utilities. Most of the investors have to deal with the regular bureaucratic structure, the problems of which have been listed earlier. (24) The transportation system, telephones and postal services, supplies, hotels, electricity services and other public services which have been working on the basis of old methods have to undergo simultaneous change in order to facilitate the success of the Open Door policy.

The Public Sector

In order to dissuade any impression of the Open Door policy as a prelude to abolishing state enterprises, the leaders of the government have made frequent statements emphasizing the role of the public sector as a basic mainstay for the Egyptian economy which should serve as a base for the open door policy. (25) President Sadat made a very realistic assessment of the public sector in the October paper:

As a leader of national economy, it was the effective instrument of development. Thanks to the public sector, an immense increase was realized in production and major projects were carried out. The revenues of the public sector were used in financing development. It was the public sector that enabled the country to hold out economically after the aggression.

Undoubtedly, the public sector experiment was marked by

... some drawbacks. Bureaucracy reigned in some of its positions and the public sector endured the burden of annexing utilities which should not have been annexed to it and which its agencies had not the power to manage..... We want further re-orientation for the public sector increasing progress and more opportunities to rid itself of obstructions and procedures which reduce its efficiency. (26)

The President’s suggestion was partly implemented recently by abolishing the General Organizations which worked as holding companies regulating public sector companies. With effect from January 1976 this measure affected 130 companies representing 65% of the public sector. (27) According to a correspondent,

this will remove the bureaucratic superstructure of the public sector, give more autonomy to individual companies, and open the way to competition within the public sector. (28)
localities. Unlike Law 57 of 1971 which created a People's Council with elected members and an Executive Council consisting of civil servants representing the national government in the governorate, the new Law has brought government employees under the control of the People's Council and abolished the Executive Council. Hereafter there will be separate governorate budgets to include all departmental activities. Personnel needs of the governorates will be assessed and each one will be allotted the required number. The Central Agency for Organization and Administration has already decentralized its operation by establishing its units in all governorates to assist in the process of decentralization of administration.

While the new law looks in all its form and content highly democratic, the applicability of it in a country of long traditions of bureaucratic supremacy in the governorates is a real challenge. A realistic assessment of the situation was made in 1972 by an Egyptian scholar in connection with the local administration reforms of 1971:

... the local government system as an innovation has not yet gained full acceptance from traditional leadership, central bureaucrats for local bureaucrats. (31)

The problems facing the implementation of the Law will be discussed below along with the discussion of other problems related to all recent efforts at administrative reform for development.

The Challenge of Implementation

Three Laws which are considered landmarks in policy making history reflecting the spirit of 1973 deal with practically all sectors of government in one way or another. The Open Door, Public Sector and Local Government put together, along with many smaller reforms introduced in the sphere of agriculture and commerce, provide unprecedented challenge to administrators at all levels. It is in meeting this challenge that the lessons of the past can be useful. First of all, in all the three cases of Suez Canal, High Dam and Agrarian Reform their over-all objectives were clear. Especially in the case of the Suez Canal and the High Dam, the national purpose and prestige closely linked with their efficient undertaking were clear to the entire country. The agrarian reform was the first socialist measure of the country after the revolution. When the ruling class identified itself with the peasants, the powerful opposition of the landlords withered away. In the case of the High Dam, the call was to shoulder a herculean responsibility at a time when all the expected external sources had disappointed the nation. In the case of the Suez Canal, it was at once against
In short, law 111/1975 of the public sector companies has enabled the companies to become self-reliant and responsible. They have to take decisions and be responsible for implementing them within the context of the larger economic policies and interests of the nation.28

Local Government Reforms

The trend towards giving greater freedom and flexibility to administrative units is reflected in recent reforms introduced in the area of local government as well. There is increasing realization on the part of the leadership of the over-centralization of power, resources and institutions in Cairo along with an internal migration of population to the capital. Sensing this trend the President observed:

We have to make local government a real fact by transferring to old and new provinces all establishments that do not necessarily have to remain in Cairo. The current must be changed from a continuous absorption by Cairo of specialization and leadership from the provinces to maintaining the presence of these specialists and leaderships near their original sites of work in the provinces.29

The President’s desire is reflected in the new Law 52 of 1975.30 Elected local councils are statutorily established at the Governorate, Merkaz, and village levels with considerable authority to control and supervise the public utilities and government units in their area. They approve and follow up the implementation of development projects. The councils are elected from among the literate civilians who are over twenty-five years old. High government officials are forbidden from being members. There have been many other reforms introduced in the system after the revolution, but this is the first time that an entirely elected council is being made responsible for policy-making and for supervising implementation in the
imperialism and capitalism. In all these, there were concrete goals to achieve and inspiring ideals to be followed.

In the present situation it is necessary to have greater clarity of objectives and more definite targets of achievement in all the policies announced. In spite of the profession of leaders about the compatibility of the Open Door policy and the socialist ideology the message does not seem to have been digested by the bureaucracy nor by the people. It is not necessary that labels of ideology should follow established practices. What is needed is a clear projection of the pragmatic approach necessary to reach the socioeconomic development of the nation. In this connection it may be recalled that even the concept of Arab Socialism which is supposed to have guided the operations of the nation during the last two decades has not found any uniformity of practice in application. The failure of the Arab Socialist Union as a political power which could inspire, direct, and control the public sector and the bureaucracy especially at the Center added to this state of ambiguity. The legislature also is just beginning to be a powerful source of constructive criticism and suggestion. The successful implementation of the new laws and policies will depend upon the capacity of several institutions to debate and clarify the goals and means of attaining them in a uniform manner.

Leadership

One reason for the success of the cases suggested was the choice of right leadership in each one of them. In the present day situation, it is important for the successful implementation of the new policies to have men of high administrative skills and total commitment to the nation. It is all the more necessary to have second level and lower levels of leadership identified and posted in responsible positions. Even the much publicised public enterprise program may not improve if each company is not headed by dynamic individuals. Nor can the local government reform succeed unless at least some among the central bureaucrats allotted to the governorates and districts really feel for the country side. It will also require that the representative of the localities be accorded a more powerful voice in the national parliment and cabinet. The concentration of power in the ministries which are headed by Cairo-based officials, makes Cairo the constituency for all the expense of other areas of the country. Efforts will have to be made to make it attractive for people to work in the provinces. The High Dam was able to attract people from different parts of Egypt and from Russia who all worked hard under the scorching sun of Aswan. The presence of the leader with them and other factors involved are worth studying and following. Inspiration from the challenge of national goals should be the guide for all workers and this can be imbued only if those policy-makers at the top follow exemplary and inspiring practices. (32)
Administrative Reforms and Management Training

Finally, it must be borne in mind that the emergence of new laws and regulations from time to time does not help unless there is a consistent effort to tone up the administrative machinery. Unfortunately, in Egypt, just as in many other countries, the organizations and management training institutes created for administrative reorganization and creation of managerial leadership, did not succeed adequately. On the contrary, some of them became additional burdens full of bureaucratic problems. The experience of the Central Agency for Organization and Administration and the National Institute of Management Development until recently suggests that in spite of their existence for more than a decade, the problems which they were supposed to solve have only increased. Their impact on the style and values of management in government is minimal. It is heartening to note that some promising changes are taking place in the Central Agency. It is at this stage of review by the Agency that there is need to learn and consolidate conceptually the lessons of the October War and of the successful cases of administration cited earlier. Concerted research is required on this topic of management.

It must be incumbent upon the faculty and researchers of the administrative reform and training institutions to do research not only on the successful cases suggested, but also on the environmental problems of management in the country. Egypt has had too many experts from abroad and too many Egyptians go abroad to study management. Today's need is for local scholars interested in studying local problems thoroughly and to come out with pragmatic solutions and to use the results of such studies in training programs meant for practising administrators. It is only by linking research, training, and practice as a mutually reinforcing triangle that administrative reforms can be suggested and implemented. And for doing this there is the immediate need for a review of the existing leadership in various institutions in order to keep the most inspiring ones and to fill other positions by people who draw inspiration from the challenges before the nation and who can inspire their subordinates by setting examples to be followed. It is only then that the State of Institutions called for by President Sadat will be a reality.

2. Interview with the Editor of "Assayasa" of Kuwait published in The Egyptian Gazette, January 8, 1976, p. 1.

3. Address at the Arab Socialist Union, Central Committee meeting reported in Al Ahram, December 24, 1975.


7. Ibid.


10. Ibid, p. 78; bureaucratic opposition to innovative projects is mentioned throughout the book by Hassan Fathi, Gourna: A Tale of Two Villages, Cairo. Ministry of Culture, 1969. Hussein Fahim (op. cit.) also discusses the problems of communication between the bureaucracy and the Nubian settlers.


23. Mahmud Kassem *op. cit.* , n. 87

24. Papers submitted to the Seminar on Development Administration in Egypt, *op. cit.* refer to some of these problems.

25. Dr. Aly Abdul Meguid, Chairman of the Central Agency for Organization and Administration, quoted in the Egyptian Gazette, January 7, 1976, p. 3.


28. Based on an interview with Dr. Aly Abdul Meguid, Chairman, Central Agency for Organization and Administration, on January 12, 1976.


