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Decentralization and Development
in Rural Egypt:
A Description and Assessment

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by

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The transformation of the Egyptian village started twenty five years ago with the agrarian reform measures. The effect of those measures was to create relatively equitable distribution of resources among cultivators and to break up the political dependence of cultivators on large landlords. In effect, cultivators who were no longer dependent economically on landlords became equally available for political mobilization.

The purpose of this report is to give an account of the recent changes in local government, particularly those that are relevant to the decentralization plan. It will examine the relevance of the new changes to local needs, and comment on local leadership qualifications, relations between elected and official councils, and efforts to involve the public in municipal affairs. It will also examine the entrepreneurial role of municipal councils in the rural economy and the allocation of resources.

Local Government Reforms in Rural Egypt

The development process which began in rural Egypt with land reform in 1952 expanded to include cooperatives, the transformation of local government institutions and introduce social welfare measures exemplified in combined services units. These vast and extensive changes were realized within a decade, basically between 1953 - 1963. Such reforms improved the capacity of villagers to collectively manage their affairs and provided them with the institutional framework which enabled them to take charge of the responsibility of self-government.

In the first place, cooperative societies were introduced to assist

cultivators in managing and financing cultivation of their farms. The distinction of the Egyptian rural cooperative lies in its adaptability to Egyptian cultural and economic conditions: it made it possible to introduce large scale cultivation methods to fragmented parcels of privately owned lands, (consolidation, mechanization and regulations through the cooperative.) The cooperative made it also possible to prevent a drop in productivity after land distribution. Finally, and quite important in this context, is the fact that the cooperative with its elective board became the locus of political activity and influence in the villages.

Cooperatives, however, suffered from major deficiencies, of which we need mention only three here:

- 1) failure to push forward with the mechanization process,
- 2) weak provincial and national links, and,
- 3) poor accounting systems and heavy load of responsibilities acquired along the way.

Many of these deficiencies were aggravated further by the tendency of the central government to overload the cooperative with additional responsibilities beyond what it was originally created for and by policies of the Credit Bank.

The second major institutional innovation introduced into the village is local government. Municipal councils were introduced after 1960 in which the public became involved. These councils assumed the responsibilities of attending to local needs and services. Nationally introduced services such as health, education, welfare, agriculture, training and income generating activities were semi-integrated into the village councils. However, the growth of these councils was stunted by several factors:

- 1) Failure of the central government to complete the formation of village councils in the entire country and to fill staffing needs.
- 2) The head of the village council lacked jurisdiction over line ministry officials operating in the village council.
- 3) Complete dependence of village councils on the national and provincial governments for operating funds.
- 4) Ambiguity in the representative character of village councils.

(Asu only)

Despite these problems the village council became an important focus of village life and of local influence. The introduction of services under supervision of the village council, for instance, contributed to local autonomy by making the village a center in which major needs could be satisfied. In the second place, the intertwined relations with the Arab Socialist Union, made the village council a center of local political influence. Third, the village council, while not invested with powers to raise and manage funds without approval of higher authorities, nevertheless, could make claims for funds from the provincial government.

The second major feature in creating a semblance of local autonomy was the power invested in provincial government. Governors were given ministerial rank and made directly responsible to the President. Village autonomy to this day should be viewed in conjunction with this important measure because of the major links between provincial and local government. Investing provincial government with extensive powers meant that village needs could be handled nearer home in the provincial capital rather than in Cairo. For village affairs to be handled successfully, a strong provincial government is necessary. This is what the local government law of 1960 did. Autonomy of the village thus cannot be viewed separately from

autonomy of the province.

The resumé of developments in local government serves to remind us that the bases for local government and decentralization were laid down during the past twenty five years in the form of socio-economic, political and administrative measures. Understanding current developments is closely linked to those measures and builds upon them.

Impact of the New Decentralization Plan. In treating the decentralization process of the new local government (law 52 of 1975), three concepts will guide our steps. These are: (1) the cumulative effect, (2) the reinforcement effect and (3) the projection effect.

First, it should be mentioned that this report is based on visits to eight villages in three provinces: Sohag (Upper Egypt), Fayum (Middle Egypt) and Gharbiyah (Lower Egypt) during August 1977. The information is drawn from semi-structured interviews with (a) the head of the executive council (b) the head plus one member of the representative council, and (c) one ordinary villager in each municipal council. Lengthy discussions were also held with provincial officials in each area and with the Director General of the Organization for Reconstruction and Development of Egyptian Villagers (ORDEV). The only criterion in selection, aside from regional distribution, is relation to ORDEV. We tried to have some villages that have already been supported by ORDEV and some that were not. As it turned out we had an even distribution of four by four. Information was elicited primarily about the functions and relations of the executive and the representative councils, the municipal council's sources of income and allocation of resources, projects realized, relations to district and province, and background of officials and elected representatives.

(1) The Cumulative Effect

By the cumulative effect is meant (a) the various contributions made

over time by the Nasser regime toward rural development and local government and (b) the new contributions made toward the same goal by Local Government law 52, 1975. The point is that while there has been a change in the developmental approach and laws of local government there has also been continuity. The measures observed currently have been possible because of what preceded them. I have discussed in details the emergence of new structures and leadership in rural Egypt during the Nasser period in my book (1974). I shall repeat here only some of the main features that have persisted in the same or a modified form: the combined services units, municipal councils, agricultural cooperatives, ordinary villagers participation in community public affairs, self-help project, and cooperative marketing. An additional innovation introduced under Nasser is dualism in local leadership which was made up of elected and appointed officers. This phenomenon persists. Political mobilization during the Nasser regime, on the other hand, has been replaced by a greater emphasis on functional activities and more effective performance by local organizations.

An example of the legacy of the recent past is the importance of the combined services unit to the success of municipal councils at present. When I asked officials in all three provinces how many municipal councils they considered successful in their provinces, ninety percent of the successful councils turned out to be in councils which had combined services units. Further discussion, elicited explicit recognition of this fact.

I have already indicated some of the major problems that limited the progress of municipal councils in the sixties and will turn here directly to the present regime's contribution.

(2) The Re-inforcement Effect

It should be mentioned at the outset that the new contribution to

local government in Egypt is sound and very promising. I shall try to show here how the modifications of existing structures and the introduction of innovative measures re-inforce decentralization trends and correct old defects. By the re-inforcement effect is meant the introduction of measures which support existing practices and which provide additional means that strengthen the growing tendencies for autonomy in local communities.

The new law has re-affirmed the central role of the province governor by upholding his authority and rank. Recently, President Sadat issued a decree giving governors powers of the President at the governorate level, which may be considered an indication of the government's resolve to make decentralization work. As was mentioned earlier, provincial autonomy is an essential factor in achieving decentralization at the municipal level. Provincial government continues to be the major authority with which the municipal council deals and whose powers and resources are most relevant to these councils. Evidently, the interposition of district authority (Markaz) has not changed this situation.

Three major modifications have been introduced to village councils. First, the lines have been clearly drawn between representatives and official leaders in the council. Village representatives are now directly elected while in the past, they were selected among elected leaders of the Arab Socialist Union. In addition, functions of representatives have been clearly defined and distinguished from those of the official staff. The ambiguity in the representative character of the old council has been removed. Second, authority of the Head Executive Officer (Ra'is al Qariyah) over all line ministries officials in the village, including those of the cooperatives and village bank has been unequivocally established. He was

also invested with authority equivalent to that of a department head (in the line ministries at the province level). This expands his authority, increases his prestige, places him above any other village official in rank and enables him to bear responsibilities of local development called for in the new law. Such authority makes the Head Executive Officer (HEO) better able to coordinate developmental activities and obtain the cooperation of other officials working with him. It should be mentioned here that one of the major problems the executive head faced under the old system was the ambiguity of his authority vis-a-vis other officials working in the village council and employees of the line ministries.

Third and perhaps most important is the provision in the new law allowing municipal councils to raise funds, and the allocation of other funds subject entirely to the jurisdiction of the municipal council. Seventy-five percent of taxes levied by the central government on agricultural land are to be returned to the municipal council. Moreover, a number of legal measures empowers councils to raise funds and to receive gifts and grants from foreign donors. Moreover, revenues that are produced locally revert to a village special fund. A Local Fund for Services and Development (LFSD) was created to finance local services and economic projects. In the old system, municipal councils enjoyed none of these prerogatives and had to struggle to obtain funds from the provincial government.

*Local
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It will be noticed that four things happen here:

- // (1) Creating a national structure to assist in achieving decentralization (ORDEV)

- (2) Devolution of power down to municipal councils,
- (3) Providing secure resources that sustain formal measures of decentralization and
- (4) Centralization of authority in the municipal communes.

In the past, village organizations enjoyed independence from one another such as was the case between municipal councils and cooperative societies.

At present there is one central authority over all public or semi-public organizations in the village.

Organization for Reconstruction and Development of Egyptian Villages (ORDEV). A major step taken to serve as a re-inforcing measure of decentralization is the reorganization of the Ministry of Local Government. The Ministry was divided into two sectors: the administrative and the developmental. The latter, of course, is a new concept and is indicative of the serious purpose of the national government vis-a-vis the decentralization objective. The new structure (ORDEV) provides direct financial help to assist municipal councils develop income generating projects and services relevant to such projects. The fact that ORDEV is directly linked to the cabinet minister gives it power and assures that it receives a reasonable budget to perform its functions. Its administrative staff is formed at the national and provincial levels and they work directly with municipal councils at the village level but with no village staff of their own, as indeed they should not.

ORDEV makes available to municipal councils capital funds with which they can start productive activities or expand already existing ones. A small part of ORDEV grants goes to financing infrastructure projects usually referred to as social services. They make grants in the amount of

about ten thousand Egyptian pounds on the average, which the municipal council (MC) can use subject only to monitoring checks by the government accounting office. ORDEV serves also as a vehicle to channel foreign aid and grants to village councils without any other bureaucratic intermediary. This seems like a very effective mechanism for making the most productive use of aid funds, because of the fact that a clearly defined national agency is designated by law to perform the task and is therefore clearly accountable. Moreover, its purpose which is the enforcement of decentralization as a developmental goal coincides with the AID concept of rural development to a large extent. I shall describe some of the local contributions of ORDEV later. Suffice it here to say that villages that had received grants from ORDEV (ones that I saw) have made very good use of them in line with the grand design.

I have described thus far the process of local development in Egypt in terms of its cumulative and re-inforcing effects. Before, I move to discuss the projection effect of the present arrangement, I would like to indicate whether the present arrangement has overcome local government shortcomings of the past.

First, we notice that the Egyptian government has seen to it that municipal government be extended to the whole country, leaving no gaps as in the past. Moreover, the official staff has also been completed in all MCs, and representative councils have been elected all over the country.

Second, the ambiguity in the authority of the head executive officer (HEO), as we have already seen, has been removed.

Third, the ambiguity in the representative character of the local council has also been clarified.

Fourth, the complete dependence of the MC on the provincial and national governments for operating funds has been ameliorated. Municipal councils now are entitled to raise funds, generate their own and receive tax returns levied from their own people.

While other problems still linger on, some major hurdles in the way of local government development have been removed.

(3) The Projection Effect

The Concept of projection effect refers to the capacity stored in present structures to project entrepreneurial activities into the future based on capital formed as a result of investments made available by the new sources of funds. A successful projection effect is attendant with a growing freedom of economic and social activities on the part of MCs and hence is a reinforcement of the decentralization process.

The only light we can shed on the projection effect of MCs at this point is to look at the MCs which have already proved successful. In the first place it may be observed that they have truly put ORDEV grants to productive use and, in two cases, they have already started to invest some of the project returns in expansion of existing project or in starting new ones. A third MC has successfully undertaken entrepreneurial activities on its own without ORDEV support. In the second place, some head executives of MCs have been emboldened by the promise in the law regarding raising and controlling funds and took loans from banks purely as a business deal. These loans were used to start income generating projects and in some cases, have already been paid off from the returns of the projects. In the third place, in all the MCs I have visited, regardless of their exploits, I have noticed an attitude of expectation and readiness to use funds for developmental projects. I fully expect that by the time the Credit Bank (Bank al

Taslif) succeeds in overcoming the managerial problems in disbursing to each council its tax share and by the time the ORDEV plan reaches most councils that MCs will have a reasonable amount of funds to invest and to attend to village services on their own.

Needless to say, availability and control over funds is a basic prerequisite for autonomy of any organization. At the practical level, I have noticed that among the successful councils a strong sense of autonomy and of self-reliance has emerged.

One head executive officer who has now nearly 100,000 pounds in the Local Fund for Services and Development speaks of dispensing with government services, if they do not measure up. For instance, he said that if a physician or a nurse are not performing their tasks properly, he would resort to hiring those services with his own funds. This would be in lieu of trying to have the government replace them, considering the difficulties attendant with such a step.

Similarly, he is contemplating now hiring a dentist for the council villages and building a local pharmacy without going through governmental channels. The same attitude and plans were expressed by two other successful MCs. In all three councils, the attitude that they were stronger and have more resources than the District Council (al Markaz) was expressed, and they felt that the District Council has nothing to offer them. In less successful councils, head executives expressed the feeling that true decentralization is realized by provision and control over resources not by supervisory powers over officials. It may be observed that ORDEV has not yet assisted these councils, nor have they started to receive their share of tax returns. Consequently, they feel that they still have not the true means to realize the decentralization plans laid down for them in the law.

Another interesting aspect of the projection effect is the ability of MCs to draw the public into their projects as shareholders. Public participation would not have been possible had the MC lacked financial strength. The public were first encouraged by the success of MCs projects in two councils. In one council, for instance, villagers' main concern was the freedom to retrieve their funds once they bought shares. Confident of his financial position, the HEO made it a rule that any shareholder could sell his share at anytime to the MC. Now villagers are shareholders in thousands of pounds worth projects in two councils in Fayum. Nowhere else has this phenomenon been observed by this writer, but the idea is now operating in Fayum province and efforts are underway to propagate the idea in other provinces.

Structure and Leadership of ^{Local} Municipal Councils

To the outside observer, it is a big question whether the new structure of municipal councils functions well or whether local leadership exists. In view of the dual character of the MC structure, it is of particular interest to determine whether the relations between the representative council (RC) and the executive council (EC) of the municipality is cooperative or obstructive. We shall address ourselves in this section to these questions.

Who does what? The municipal council (MC) is constituted of a representative council which is elected (^{Local} RC) and appointed officials (^{External} who form the executive council (EC)). The new law invested the representative council with the responsibility to prepare and pass the MC budget, and with making decisions regarding income generating projects. This means that the RC is in charge of determining how to spend money from the Local Fund for Services and Development accounts, how to invest, and how to make demands on the national government for particular services such as drainage, roads, schools, etc. The

Executive Council (EC) is charged with the responsibility of implementation and of conveying RC requests to the District and Province. The HEO advises the RC also regarding legality of plans and feasibility. The HEO can refuse to implement a decision made by the RC if it goes against the law.

In practice, however, there are serious impediments to faithful application of law. The RC does not have the staff, resources, or expertise to prepare a budget. They are also less knowledgeable and have less time to devote to initiation of income generating projects. Consequently, it is the HEO who prepares the budget and turns it over to the RC, whose role is in effect limited to approval, not, however, without discussion. Similarly, in questions of income generating projects, the HEO plays the central role in suggesting economically promising projects and the RC in effect agrees, rejects, selects, and/or modifies such projects. The impression I gained is that in most cases, the RC approves of suggestions (in almost 95% of the cases) and in addition slightly modifies about 20-40 percent of them. Responsibility for implementation rests solely on the shoulders of the HEO, who puts his official staff in charge, each according to his speciality. There seems to be a consensus that the initiation, success or failure of projects depends on the ability of the HEO.

However, it seems that the emergence of project ideas, and sometimes, the overcoming of difficulties, come as a result of communicative process of a group rather than an individual. Ideas come from diverse sources, provincial officials, the HEO, technical officers, members of the RC and even ordinary villagers, sometimes expatriates among them. (Witness in Sohag, a villager who is now a professor of oceanology suggested the cultivation of fish, already a successful project). Ideas are discussed

in meetings of the various committees and council meetings; they are sifted, modified, and pursued for further information, before a decision is reached.

An example will illustrate this point. A member of the RC suggested in one of the council meetings (regularly attended by HEO) that animal feed distributed by the Credit Bank is subject to delays in delivery and waste. Waste is due to the fact that the feed comes in consolidated form as blocks but without being packaged. He suggested that the MC take over the distribution operation, break up the feed blocks and package them in nylon bags. This plan would solve the waste problem and earn the MC some income in the form of service charges. The idea was adopted and the Credit Bank in the Province was contacted, regarding the proposal. The Credit Bank official demanded a collateral for handing over the feed. This and other bureaucratic aspects of the question constituted a problem that delayed action. It so happened that during my brief visit, the RC member briefed the HEO on the question and in the discussion that ensued between the two a solution emerged to which both had contributed. The MC will buy the village's entire share and pay for it in cash, then distribute the feed according to the envisaged plan. Needless to say, this MC had sufficient funds to be able to shoulder the financial responsibility involved in the project. In a less economically successful council, this solution would have defied application.

Role Misconception and Electoral Tensions

During the first year of the Representative Council term 1975-76, members had, in many cases, an unrealistic conception of their role. Needless to say, they were encouraged in such an expectation by the exten-

sive powers attributed to them in the law and by political considerations. This, they realized, is the period of free elections and relaxation of political constraints imposed by the Nasser regime. The Nasser regime favored officials and officers of the official party, all of whom were practically selected. In reaction to this, members of RCs brought with them an assertive attitude, sometimes to the point of defiance. Considering themselves the true representative of the people they sought to assert their supremacy and embarked on making unrealistic demands on officials, especially in the Delta region. Serious friction developed in many MCs between the RC and the HEO. This tendency, however, has started to subside and the RCs have since gained a more realistic attitude, considering the practical limitations. They came also to realize that the HEO was not actually an adversary but shared their concerns. It is not possible for this writer to determine how widespread was this trend, except in the Gharbiyah and Beheira provinces. No such thing was reported to me in Sohag or Fayum. All the villages I visited seemed to have reasonably cooperative relations between the RC and the HEO.

Another problem that new MCs faced was an after-effect rancor of elections. In some cases, and they seem to be few, differences between RC members who belonged to different factions or electoral tickets (lists), led to conflict and obstructed decision-making. HEOs acted as peace makers in these cases. Normal degrees of tension were also reported to have occurred in struggle over the election of head of RCs.

Leadership

With the expansion of formal organizations in Egyptian villages starting in the fifties, leadership emerged in two forms: officials and elected villagers. These worked together in cooperative societies, village councils

and the Arab Socialist Union. Small peasants, laborers and other villagers started to play leadership roles in such organizations and got used to working with administrative and technical staff appointed to the village.

This pattern of dual responsibility has continued. Some members of RCs have had experience in village affairs in the past as officers in one or another of the existing organizations. Most heads of RCs that I have met played a leadership role in the past, but the majority of RC members occupy an elected office for the first time.

Another change in the background of village councils is the appearance in large numbers of salaried villagers as RC members. Those are usually employees who come from rural background but work in public or semi-public organizations at the village and province levels. They include teachers, agronomists, assistant agronomists, accountants, clerks and technical specialists of one kind or another. Some work in villages of their own MC and others, outside it. While these salaried cadres are experienced and educated, they do not constitute an economically advantaged group. They tend, however, to be entrepreneurial and, those who can, establish their own business on the side or express their talents in their official work. I was struck by widespread attitude on part of village officials in the province in favor of free enterprise and their desire to embark on such pursuits personally.

The official staff in the village are appointed officers who have vocational or higher degrees. The HEOs in particular are people who have had experience in village councils, or as agronomists. These two kinds of professionals seem to make the majority of HEOs; the rest may come from education background, law, administration and the like. Consequently, many

HEOs are experienced and capable but, as to be expected, show differences in intelligence, initiative and dedication. Some are less informed about the prerogatives of their office and what they can legally do than others. Naturally, all of them understand the bases, but there are, it seems, some less obvious aspects of the law pertaining to decentralization which not everyone knows about.

A striking phenomenon currently is that most officials now come from village and provincial background and serve in their own district or province. Evidently, it is a deliberate policy of the government to facilitate life for officials and avoid posting them in remote places away from their homes. Fortunately, educational progress in rural Egypt makes such a step feasible, even in Sohag!

An important aspect of the emergence of local officials as members of RCs is that they are able to speak the same language with members of the executive councils.

The prevalence of the small ordinary villager, whether a cultivator, worker or salaried employee still seems to be the pattern that dominates RCs of municipalities. Some large landowners who stayed behind, perhaps few, have made a comeback but in surprisingly small numbers. In places which I have visited, with one exception, they were described as not very interested in the business of MC and attended mostly to their private business. Those of them who became involved again in village politics seemed to have also sought offices of upper levels: district, province and/or National Assembly. It is quite possible that their interests in being represented in the village is an aspect of their greater interest in higher level politics.

Why have landlords not returned in a greater force? A few suggestions may be offered here as a tentative explanation. First, the twenty years of the Nasser regime have really undermined their power. The old aristocracy disappeared and the native large landlords were weakened and many of whom had turned to other pursuits away from the village. Second, diversity of village organizations, emergence of new leaders, the strength of the official staff and checks from the provincial government makes their chances limited and possible gains meager. There are now numerous local leaders in a village and the price of their control may be too high. Third, rewards gained from positions local leadership are quite limited now. Fourth, their diminished estates make them turn to private economic pursuits to compensate for their downward mobility in the economic order.

Everywhere I went and with everyone I talked, a consensus seemed to exist that villagers, even when not competent, are assertive, involved and express an egalitarian attitude in the form of reckoning with each other regardless of social stature differences.

Political and ideological mobilization that prevailed before the seventies has reached a halt. Some of those who were then engaged in such campaigns are not disappointed but expressed the feeling that the requirements of the two eras are different, meaning that no such methods are now necessary.

Some RC members are illiterate and inexperienced, others are either negligent or aggressive and such conditions create dissatisfaction and criticism. Often it was affirmed to me that meetings of RCs occur regularly but it soon became clear that they may meet only once a month or in the rainy season (Delta) not at all. Sometimes HEO barely manages to have a quorum to have RC pass the business of the day. None seemed though to think

that these questions seriously hampered the work of the Executive Council. Apparently, such failings are not widespread or severe so far, but should they become so, the business of MCs would be seriously compromised.

At present, one should pay attention more to the manner in which RC and EC work than to formal rules and regulations. It seems that contact between members of both councils, especially between HEO and RCs is maintained regularly and informally as much as formally, if not more. HEO attends RC meetings and talks with members individually on a regular basis.

I have mentioned previously that RCs tend to do things differently from the text of the law. Their involvement in MC business is one of sharing in decision-making with HEO, who plays usually the dominant role. However, RCs perform informal roles consistent with their character as representative bodies. They provide the linkage between the EC and villagers. Being more in touch with people and sharing their problems, they can transmit requests, information, and grievances to village officials very quickly. As one RC member put it: "An idea would be floating among the people of the village; What we do is translate it into decisions." They are also keenly aware of problems in the villages, apparently in most cases pertaining to social services and agricultural problems such as drainage, irrigation, fertilizers, spraying, roads, drinking water, schools, mosques, and the like. It is not surprising therefore that most issues pertaining to village services are initiated by RC members and resolutions regarding which are also passed by them. In contrast most economic, technical and income generating projects come from the HEO.

Of great interest is the invaluable role RC members play in self-help projects. This affects mostly infra-structure and service activities like

draining a swamp, paving a road inside the village, contributing land to build a school, building a mosque, etc. In self-help projects, RCs take the leading role in propagating the idea, getting public support and in implementation. It seems also that the suggestive and encouraging leadership of an HEO is of special importance in this regard. Sometimes certain self-help projects are carried out under the leadership of the HEO (ex. Abu Gandir Fayum). Let us look, for example, at self-help as a means to circumvent persisting legal impediments to local autonomy. A municipal council has the right to impose levies locally but this is subject to approval by the Governorate. To avoid delays and possible rejection, an MC decides to raise funds as voluntary contributions by villagers. Once the RC approves of one, it becomes like a "levy" and is collected locally without interference from the outside. Without the approval and active participation of the RC such measures would have no chance of passing. Because of their local influence and contacts RCs are a major factor in winning the cooperation of the public with officials. In short, the significance of RCs is not in literally conforming to the letter of the law nor in their regular attendance of meetings but in their informal role as representatives, intermediaries and expeditors.

Allocation of Resources

Who benefits from resources, services and projects discharged by MCs? One of the interesting things about officials and representatives at various levels is their egalitarian attitude and keen awareness of the need to ameliorate the conditions of the village poor. Curiously, this attitude is spontaneously elicited even among individuals who express strong anti-Nasserist attitude as among others.

There are legal constraints against misuse or gross favoritism. Funds that are provided by ORDEV as well as the regular village budget are subject to annual monitoring by the government accounting office and by ORDEV officials. Despite this, it is possible for an MC which is so inclined to make choices that would favor a few. I have not noticed any such favoritism, nor was it possible for me to do so under the circumstances.

During my visits, I was able to obtain a copy of the report raised by the MC of Abu Gandir to the provincial government of Fayum regarding the Municipal Council between 1971 and 1977 (Appendix III). A number of points can be observed after examining this report, this MCs record:

1. Greater volume of work and accomplishments starting in 1975, the year the decentralization plan was started.
2. Engaging the village public in attending to their community needs predates 1975 but was then limited to non-revenue producing projects. Starting with 1975, the municipal council starts to lead and involve the public to undertake economic projects which would generate income for themselves and the municipal council. Some of these projects are entirely for the interest of private citizens and others in joint partnership with the MC.
3. ORDEV and the Local Fund for Services and Development both of which were instituted in the law 52 defining decentralization, are shown to be a major source of capital for economic and social development projects. Of particular interest is the amount spent from the Local Fund for Services and Development, about 26,000 pounds starting in 1976 (ORDEV started its aid to Abu Gandir in 1975). The MC has also been able to make villagers commit from

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their private funds more than 400,000 pounds in project investments and contributions for services.

In trying to assess the allocation of resources in the villages I visited, the only available indicator is an examination of the revenue generating projects and services made by MCs.

The services commonly performed by MCs consist of building youth centers, housing for officials, community housing and planning, schools, warehouses, mosques, consumers cooperatives, introducing electricity, water fountains, fire fighting units and performing such things as drainage, land reclamation, and health services. Most of these activities, it is obvious, are of use to the general public and are not likely to benefit a special individual or group in the village.

Among income producing projects one finds milk refrigerating units, dates packaging, carpentry, hat making, rug making, furniture material, olive canning, mint distillers; raising silk worms, bees and chickens; engaging in animal husbandry, investing in trucks, tractors and taxis. Some of these projects produce revenue to the MC, some to both MC and private citizens in partnership and some to villagers alone. A milk refrigerating unit for instance, will make it possible for villagers to market the milk they produce and contribute to the revenue of the MC from the service charge. The same may be said of date packaging and olive canning. Investing in a taxi or tractor is sometimes made by both MC and villagers in partnership and both benefit from the returns. Naturally, not all villagers have savings to enable them to invest and therefore this includes those of middle to upper bracket income groups more than poor folks. This is particularly true of raising bees where only economically

and socially advanced villagers will venture to undertake. Almost all the economic projects involve a pecuniary or employment benefits to villagers. In carpentry, for instance, when an MC takes an order to make furniture for a customer, not only will it generate income for itself but also involve employment of villagers and training of the youth in carpentry. Similarly, in a distilling unit, the MC finds an outlet for the product of a number of peasants. A particularly important service for villagers, regardless of how poor they are, is the breeding of chicken. MCs usually raise chicks until they are almost a week old or so then sell them to villagers to raise. Hardly any villager fails to benefit from this service, since they raise chicken in their homes.

As for people that are employed in revenue generating projects of the MC, about a thousand were seasonally employed in Biyahmu.

Taking a look at Zawyat al Karadisa in Fayum, we find that the unit distillery employs 5 workers and uses the produce of 50 small cultivators. Pickling and canning of olives project employs 200 and finds outlet to the produce of 5 farmers. (Tree growing villagers are generally more wealthy farmers.) As for beehives there are 200 units in the MC and 200 for villagers. MC technicians extend services to private citizens on how to raise bees. The MC tractors serve about 300 cultivators. As for investment, there are 40 villagers now who have invested in tractors and taxis; 20 shareholders in 2 tractors and 20 in two taxis. Many more have done so in Abu Gandir, but we have no precise figure.

Despite the egalitarian and distributive nature of MC allocation of resources, one can detect from MC projects that some people benefit more than others. It would be remiss to call such a phenomenon exploitation

simply because the better-off can benefit more. Exploitation did exist before 1952 where cultivators were given survival wages or shares by owners, and low rates for their products by merchant-money lenders.

We suggest that the current situation does not reflect exploitation but another phenomenon that we shall refer to as Differential Advantage. Differential Advantage refers to the variable ability of individuals or groups to make better use and reap greater benefits than others from available opportunities.

In the cases we are dealing with, we can distinguish a number of actors who enjoy a differential advantage. First, we notice that individuals make a different use of resources. The better-off, the more educated and expert officials benefit more than ordinary villagers from existing services and projects. For instance, only the wealthy villagers can hope to raise bees, because the economic success of such an enterprise requires raising at least 20 beehives, which is a large investment. Village officials such as agronomists often enter into partnership with such farmers and undertake such projects on their own.

The second type of actor is "the community", some of which benefit more from MC activities than other member villages. This occurs because some villages have a better location or ability to respond. The village in which the combined services unit is located often reaps more benefits than other villages of the MC. Another kind may occur in a village that does not have a combined services unit but, because of the education, cohesion and initiative of its people, can divert resources to itself.

The village of Ka'aby in the MC of Biyahmu in Fayum serves as an example. This village is smaller and has less agricultural land than the

village of Biyahmu where the combined services unit is located. However, Ka'aby is represented by six councilmen while Biyahmu has four. In addition, a youth center and a social center (for social occasions such as weddings and funerals) were established in Ka'aby but none in Biyahmu. It is interesting to know that while the people of Biyahmu are mostly cultivators, among the people of Ka'aby merchants, craftsmen, officials and educated people prevail. When asked about this disparity of fortunes, the HEO responded that an MC has to take into account the basis for success of a project and therefore prefers to place it in a community which can provide the where-with-all for success and for maintenance. In the second place, a village that responds and makes contributions of its own toward a project is one that is more likely to be chosen than one which fails to respond. The people of Ka'aby, he added, have always shown greater initiative and made matching contributions.

A third case in which differential advantage occurs is regional. Some areas are better located and stand to benefit from proximity to the central cities. One finds that middle and lower Egypt benefit more from public services and opportunities than upper Egypt. Similarly, some provinces are fortunate to have dynamic governors who make major contributions to development in their provinces. The cases of the Fayum governor now and of Beheira in the sixties are good examples. Differentials occur within the same province too, for instance, three MCs in Fayum are superior and must be tops in the country; others range from the moderately successful to the failure. Factors that make for success are: (1) the initiative of the executive staff, especially the HEO, (2) a cohesive community not torn by factional struggle, (3) MC that has a combined

services unit and (4) the educational and living standards of villagers.

Regional and community differentials are possible to deal with and to reduce. One fruitful method would be to hold seminars and conferences to disseminate ideas of successful MCs among the less successful. Such seminars should be guided by provincial officials but the main participants should be executives and few representatives of MCs. Second, ORDEV and Governors could devote more attention to less capable councils, educationally and financially.

Differential advantage among individuals is another question. It is not as easy to ameliorate, nor is such an effort developmentally advisable. A rigid adherence to equitable distribution of resources in a poor country prevents capital formation and investments which are major factors making for development in such countries. Those who are able to benefit and produce should be encouraged because through their entrepreneurial exploits the public benefits and villagers find employment. Their productivity after all will be part of the gross national product of the nation. A rigid egalitarian policy will prove counter-productive. In Egyptian villages, the poor are not neglected, as we have already seen, but smaller shares reach them.

How common are the experiences of the eight villages we have examined? Obviously, the Fayum villages are not typical, although every province has a few villages which have made full and successful use of the new opportunities given them by the new law. In all three provinces, ORDEV villages had something to show for themselves. However, in Kafar Kila, (Gharbiyah) the ORDEV assistance while productive proved to be very small for their enormous needs, since the population of the municipality is about 80 thousand.

On the whole, the eight villages are sufficiently diverse to allow one to form an idea of the general picture.

I have been able to obtain an estimate of successful municipalities from province officials of local governments, which I have reason to believe is a candid opinion. In Schag, there are 50 municipalities; 10 percent of which is considered very successful, 20 percent receive a passing grade and the rest unsuccessful.

In Fayum, there are 36 municipalities; ten (28 percent) of which are very successful, ten are considered average and the rest are below average. In Gharbiyah, there are 52 municipalities about half of which is considered reasonably successful administratively and economically.

It should be understood that these estimates are made by knowledgeable province officials but in an informal way and as a considered opinion, not as a statistical conclusion. Such data are included here just to give an idea of the general picture in the three provinces.

Problems

It is clear from the above that the success of municipal councils is thus far moderate, and it would be useful to mention some of the reasons for this.

① In the first place, the law is still new and most municipal councils have not yet made full use of the opportunities provided them by the law. Particularly significant in this respect is the fact that the main and lasting source of income for municipalities is still unavailable except in trickles. The reference here is to the 75 percent share from the land tax, which the law states should be returned to MCs. The reason for this, as it was explained to me, was managerial and that it was on its way to

being solved. I did not get the impression that ORDEV officials in Cairo were giving this question the attention it deserves. Head village executives are now claiming those funds through the provincial government. Faithful application of this law would serve as an indication of the national government resolve to make decentralization a reality. Once all the sources of funds are tapped, a difference in performance of MCs should be expected.

② A second problem affects many villages in upper and lower Egypt alike, but has particularly bad effects on local government in the Delta. This is the problem of dirt roads. During the rainy season, officials who live in the towns or other villages stop going to the place of their work and the activities of MCs come practically to a halt. Administratively, this is a tolerable risk perhaps, but if the MC is to become truly the locus of economic enterprises, such a problem proves very serious. This question is, of course, related to the residence issue of officials which is the third problem deserving attention in this context.

③ A number of top officials are required by law to live in the place of work: the HFO, the physician, the social work officer and the agronomist. These, however, are a small fraction of the official staff who work full time in the village. Moreover, even some of these top officials do not live in the village, especially if they are married. ORDEV has started to assist in building of apartment complexes for local officials. I saw a handsome one in Mudmar in Sohag which will soon be ready for occupancy. However, it is my understanding that ORDEV's commitment to housing is soft and in case of a budget squeeze housing would go first. Local officials are quite willing, if not eager, to live in their place of work now, especially that villages have at present most of the essential urban services for family

living.

The growth of administrative and economic activities in villages cannot continue under very poor communication facilities. Poor communications may be costing local development much more than the cost of improving communications facilities, and an initial large expenditure for road paving and official residences may prove invaluable for the success of local development.

4 A fourth problem in rural development is low salaries and incentives for village officials. The new law, provides for shares of the profits from MC enterprises to go to officials, but so far it has been limited. The lack of incentives and fair compensation is no doubt one of the main reasons for the poor performance of some officials.

5 A new problem has been created by the new law which seems to contribute to increasing red tape and delays. Law 52 invested the District Council with greater power than it could afford to maintain. District Councils still lack the resources to make themselves useful to lower level units, and have so far proved to do one thing -- delay action and create friction with local councils. The provision in the law to bypass the District Council in case of 15 days delay on a request seems difficult to observe in practice.

Another aspect in the new law that does not seem to be well received is that it has not provided for travel compensation and per diem to RC members. This often leads some RC members from the satellite villages to stay behind. A budget and compensation to RC members may reasonably improve their performance.

6 Among the perennial problems in Egypt, that affects performance is

the pressure of the population on the land. In practically all the villages visited the ratio seemed to be about four persons to one feddan (approx. one acre). This calls for a greater emphasis on the generation of non-agricultural economic opportunities such as the one pursued by MCs and beyond. The educational base in rural areas is sufficiently strong now to warrant further attention to non-agricultural economic pursuits.

7 Finally, it may be concluded that shortage of funds for revenue producing projects is still a major problem and ORDEV's contribution as well as other grants or loans will prove extremely important at this stage of the development drive.

APPENDIX :

Municipal Councils Visited

Province of Fayum

Biyahmu

Zawiyat Al-Karadisah

Abu-Gindir

Province of Sohag

Salmoun

Mishta

Mudmar

Province of Gharbiyah

Kafa Kila

Shuber

APPENDIX

Municipal Council Structure

Municipal Council

(3 - 8 villages)

Executive Committee (EC)

1. Head Executive Officer (HEO)
2. Secretary
3. Top Services Officials

Representative Council (RC) (16 members)

1. President of RC
2. Secretary
3. Specialized Committees

APPENDIX III

Report on Accomplishments of
Abu Gandir Municipal Council

FAYUM GOVERNORATE

ABU GANDIR UNIT

The General Secretary

Fayum Governorate.

Please find enclosed a statement showing the achievements in the Abu Gandir Unit since the 15th of May 1971 till the 30th of June 1977, also showing what is hoped to be implemented by the 23rd of July 1977.

Please, after perusal give instructions regarding what is to be done next.

Best regards.

Chief of the Local Unit

Eng. Salah El Din Hassan Abu Leila

FAYUM GOVERNORATE

THE LOCAL UNIT FOR ABU GANDIR

The General Secretary
Fayum Governorate

Dear Sir,

With reference to the letter of the General Secretariat of the Local Government concerning the invitation to hold the National Conference for Local Administration.

We are sending you a detailed list including all the achievements of the Local Unit of Abu Gandir in all its production and service sections since the Administration Reform revolution under the leadership of President Anwar El Sadat.

No.	Project's Name	Cost L.E.	Source of Finance	Remarks
<u>Projects of 1971</u>				
1	Abu Gandir Youth Center	3000	Local efforts of villagers	
<u>Projects of 1972</u>				
2	Construction of 5 Mosques	5000	Local efforts of villagers	
<u>Projects of 1973</u>				
3	Construction of 3 Mosques	3000	Local efforts of villagers	
<u>Projects of 1974</u>				
4	Road from Abu Gandir to the West part of Khalaf Village	500	Local efforts of villagers	

No.	Project's Name	Cost	Financial Source	Remarks
5	Equipment for the Milk Production Unit of Abu Gandir	500	Services Funds of the Governorate	
<u>Projects of 1975</u>				
6	Completion of the road from Abu Gandir to West of Khalaf Village	5000	300 L.E. from the Governorate	Fund the rest Local efforts
7	Projects of the Pick-up cars which were used as taxis	63000	Local efforts by the citizens	
8	Society for teaching the Koran	3000	Local efforts by the citizens	
9	Project of Purchasing Agricultural tractors	5000	From ORDEV	
10	Project of breeding chicken	5000	From ORDEV	
	Project of casing the drainage canal, length 200 meters	2000	750 from ORDEV and local efforts	
11	School with one classroom	5000	Donation	from the citizens
12	Establishing two classrooms	3000	Local efforts	
13	Building one wall and filling the road of Abu Kaf Bay	1000	250 L.E. from ORDEV and local efforts	
14	Project of "urban" planning and extending residential area of Abu Gandir	1500	From ORDEV	
15	Making 100 new beehives	3000	Purchased on credit from other municipal councils.	
<u>Projects of 1976</u>				
16	Adding 70 new beehives	2100	From the Local Fund for Services and Development	

No.	Project's Name	Cost	Financial Source	Remarks
17	New equipment for the Milk Production Unit	500	From the Local Fund for Services and Development (LFSD)	
18	Building a garage for the tractor	1500	From the general budget fund and local efforts	
19	Purchasing equipment for Abu Gandir kindergarten	500	From ORDEV	
20	Purchasing a pick-up car	350	Local Fund for Services and Development (LFSD)	
21	Project of the touristic Kiosk in Fayum	60	Local Fund for Services and Development (LFSD)	
22	(Not legible)			
23	Paving the road to Abu Gandir	3600	From the general budget fund	
24	Project of the bridge from Abu Gandir to Ibn Shina	3000	From the general budget fund	
25	Fence for the Local Unit	1800	450 L.E. from the general budget fund, 263 L.E. from LSFD and the rest local efforts	
[25 (a)]	Purchasing 20 tractors	120000	From village residents	
[25 (b)]	Aid to the Youth Center	100	From the LFSD	
26	Installing 3000 electric gauges	3000	From village residents	
27	Establishing 8 flour stores		By village residents	
28	Establishing 2 consumer cooperatives in Abu Gandir and al Dinabah	1500	1000 L.E. from the citizens 500 from the LFSD	
29	Purchasing of 15 cars for use as taxis	60000	From village residents	
30	Establishing a secondary school (still under construction)	1100	600 L.E. from villagers the rest from LFSD	

No.	Project's Name	Cost	Financial Source	Remarks
31	Schools with 2 classrooms	3000	From villagers	
32	Road of El Kom El Asfar hamlet	2000	From villagers	
33	Increasing the cases of Social Security by 32	1008	From the budget of the social welfare (Ministry of)	
34	Increasing the cases of aid by 16	252	From the budget of social welfare	
35	Increasing the aid extended to families of soliders by 68	2880	From the budget of social welfare	
36	Families of immigrants (of the Canal Zone)	1496	From the budget of social welfare	
37	Constructing Police Station	35000	From the budget of the Ministry of Interior	
38	Obtaining and distribution of 150 Ton of Cement	2200	By villagers	
39	Obtaining and distribution of 20 Meters of Wood	2000	By villagers	
40	Reclamation of 5000 feddans		By the Ministry of Agriculture	
41	Opening a branch for the civil records		From the general budget	
42	Collecting the cotton dry flower, 25 tons			
43	Collecting donations from the citizens	1063	From the citizens	
44	Purchasing new switchboard	5000	From the Tellecommunication Organization	
45	Vaccination of 10,000 child		Ministry of Health	
46	Installing 40 water tabs	2000	Department of Water Supply	
47	Establishing toilets	2000	600 L.E. from the mosques fund the rest local efforts	

No.	Project's Name	Cost	Financial Source	Remarks
48	Establishing the society of teaching the Koran in Abu Shenaf	5000	150 L.E. from the mosques fund	the rest local efforts
49	Toward establishing the village bank	150	Loan from LFSD	
<u>Projects of 1977</u>				
50	Breeding chicken	3000	LFSD and local efforts	
51	Fence for the Unit	900	From the general budget and local efforts	
52	Paving 2Km from the Road	2000	From the general budget and local efforts	
53	Purchasing of 30 tractors	180000	From the citizens	
54	Purchase of 4 trucks	60000	From the villagers	
55	Installation of 200 electricity guages	2000	From the villagers	
56	Installation of 20 lamp post	700	70 L.E. from the development fund, the rest from the citizens	
57	Extending the electricity to the Massreyeen hamlet	1000	50 L.E. from the general budget	the rest from the citizens
58	Purchase of tractor	7000	2500 L.E. from the citizens	the rest from the combined Unit as a partnership
59	Purchase of another tractor	7000	Loan from the Agricultural Bank	
60	Establishing 100 beehives	3000	Loan from the Agricultural Bank	
61	Constructing the building of the Village Council	1500	300 from the general budget	100 from ORDEV, and the rest local efforts

No.	Project's Name	Cost	Financial Source	Remarks
62	Purchase of equipment for the touristic Kiosk	3000	From the LFSD	
63	Purchase of equipment for the fire fighting unit	400	From the LFSD	
64	Adding 30 beehives	900	From the LFSD	
65	Road repairs of the villages in the council	1000	ORDEV and local efforts	
66	Road repairs for some of the village 200 meters long	1000	ORDEV and LFSD and local efforts	
67	Filling Ahmad Khalifa Bay	400	200 L.E. local efforts 50 L.E. LFSD 150 L.E. ORDEV	
68	Cleaning drainage canal of Abu al Haken	300	150 L.E. local efforts 100 L.E. LFSD 50 L.E. ORDEV	
69	Classes for helping students of primary & elementary schools	250	125 L.E. from local efforts 125 L.E. from LFSD	
70	For the drainage canal or Abu Hamada	600	From the citizens, LFSD and ORDEV	
71	Renovation of 10 mosques	2000	Local efforts	
72	Project for draining the water from El Wanaya Village	17000	1100 L.E. general budget 6000 L.E. from the citizens	
73	The cases that have been registered in the budget of the the soical welfare in 1/4/77			
	A. 202 retirement cases	1040	Ministry of Social Welfare	
	B. 16 aid cases	21.010	Ministry of Social Welfare	
	C. 141 family of soliders	505	Ministry of Social Welfare	
	D. 3 Individual cases	150	Ministry of Social Welfare	
	E. 90 winter aid	200	Ministry of Social Welfare	
	F. Family of immigrants	45	Ministry of Social Welfare	
74	To buy ambulances	5000	From the LFSD	
75	A farm to breed cattle will be established	97000	Loan from the Agricultural Bank	
76	Project of breeding calves	8000	3000 L.E. from the revenue of cotton the rest from LFSD	

No.	Project's Name	Cost	Financial Source	Remarks
77	A taxi will be purchased	6000	3000 L.E. from the revenue of cotton the rest from LFSD	
78	Obtaining and distributing 30 Tons of Cement	450	From the citizens	
	Establishing two Government stores in the Khalaf and El Hosseim Areas.	1000	Local efforts	