

Economic Reform and Democracy in the MENA Region:

A Case Study of CIPE's Projects in Egypt and Lebanon

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As the MENA region negotiates a challenging transitional period, the question of economic reform has become more pressing than ever before. In countries that have undergone revolutions as well as those that have not, the values of transparency, fairness, accountability, and responsibility have risen to the fore in public debate.¹ Those democratic values are now being demanded overtly by populations from a wide range of socio-economic backgrounds, raising expectations from both the private and public sectors about the sectors' relationships with citizens. This change in the relationship between citizens and private and public institutions demands further attention in a period when international organizations are increasing their interest and scope of activities in the region. This attention is needed to steer international organizations in a path that would be useful for economic reform, generating meaningful projects on the ground that are responsive to stakeholder needs.

Within this context, the work of the Center for International Private Enterprise (CIPE) can be examined as providing a unique case study about the organizational approach of international organizations working to support reform and democracy in the MENA region and elsewhere. Examining CIPE's work raises important issues about decision making processes, working with local partners, and supporting long-term reform, as means of strengthening democracy. Those issues are of key importance in the current transitional period the MENA region is going through, as they provide the "keys" that can unlock the factors underlying the likelihood of impact of the work of international organizations on democratization and reform.

This report addresses CIPE's work in Egypt and Lebanon, with specific focus on three key local partners in those locations: The Federation of Economic Development Associations (FEDA) in Egypt; the Lebanese Transparency Association (LTA); and the Development for People and Nature Association (DPNA) in Lebanon. The partners have been chosen on the basis of the extent of their work with CIPE in the two countries (it is acknowledged that CIPE works with other local partners as well). The report is based on research involving the partners themselves

as well as interviews with CIPE staff and consultation of CIPE publications. It does not aim to replicate the rich information that CIPE regularly disseminates about its work and partners through its own leaflets, public and staff documents, and reports; rather, it aims to complement this existing knowledge through presenting CIPE's work in a knowledge-sharing framework that can inform policymakers, stakeholders, and CIPE's own staff.

I. Setting Project Agendas and the Decision-Making Process

Working towards economic reform and democratization involves the ability to operationalize values like transparency, accountability, fairness, and responsibility, transforming them from ideals into concrete objectives. International organizations differ in the way they approach this process. Some approach local partners with ready-made projects and start a process of bidding to get the projects implemented. Three drawbacks of this method are that first, when projects are developed without local input, they might not fully address local challenges; thus, although they might indeed achieve stated project aims, those aims themselves may not necessarily be meaningful when they do not meet local needs. Second, bidding might attract local partners who are simply interested in getting funding regardless of their own interests and capabilities; sometimes, local organizations become adept at writing effective proposals, even though they may not be the best partners to work with on a given project.² CIPE has witnessed this problem first hand, with potential partners sometimes approaching it with a long list of proposed projects that clearly indicates that their main aim is to get funding regardless of core competencies.³ Third, even if the aims are appropriate and answer to local needs, projects may not always take into account the impact of the local regulatory, political, and economic context on whether the aims can be achieved as envisioned. For example, international programs aiming to support entrepreneurship in the Middle East need to be conceptualized in a way that takes the local environment into account⁴; in Egypt, government regulations as well as the reluctance of banks to invest in new businesses because they are not used to the idea of venture capitalism have an impact on the development of entrepreneurship.⁵

In light of this, CIPE's decision-making process aims to be responsive to local needs. This is done through:

1. Choosing meaningful local partners

CIPE has worked with a number of different local partners over the years, and has used this experience to refine its selection. It has become clear, particularly after the Egyptian Revolution, that there is a need for international organizations to widen their network of local partners to include those in areas outside of central urban spaces. CIPE had already built a strong relationship with such a partner in Egypt—FEDA—and in Lebanon—DPNA—and following the Egyptian Revolution, it has further consolidated its support for such partners. For example, when the US Chamber of Commerce representative visited Egypt in the summer of 2011, CIPE arranged for him to meet with FEDA members from different Egyptian governorates outside Cairo, the first time this kind of exposure had taken place.⁶ This serves the dual goal of

strengthening the Chamber's understanding of the local economic context, and FEDA's own standing through granting it access to an important international stakeholder. CIPE is currently conducting a nationwide assessment of local organizations outside Cairo to identify new partners.⁷

2. Working on issues with broad appeal that are informed by the needs of the local partners

CIPE follows the institutional economics model,⁸ recognizing that building markets is about more than mere liberalization. For the economy to be healthy, it is not enough to have a skilled labor force, good business ideas, and funding sources; viable institutions are needed in the first place to sustain sound regulations and rules that would support good governance. This intersection of governments and markets is what marks CIPE's business model. In this, CIPE targets both business organizations and the government. This goes against the "laissez-faire" myth of pushing for deregulation as a means of fostering economic growth; what distinguishes CIPE from other organizations supporting a free economy is the recognition that governments are needed to provide a regulatory framework for the economy.⁹ This model allows CIPE to focus on issues that have wide appeal and that can have an impact on regulation.

While CIPE makes decisions on the broad themes that need addressing (for example, regulation), CIPE's local partners break down those themes into concrete projects driven by their own needs and the needs of the local environment. For example, in Lebanon, there is no government direction for youth entrepreneurship. Young people wanting to start new businesses have no access to training on how to get loans, developing business skills, or acquiring managerial expertise. In response to this, DPNA started a project, "Youth and the Private Sector", that focuses on capacity building. DPNA's ultimate aim for the project is to result in a national policy supporting entrepreneurship.¹⁰

In Egypt, FEDA recognized that there are around 5-6 million street vendors working in the informal economy, with no law protecting them. Transforming the informal economy into a formal one faces the challenge of both the government and the citizens concerned seeing no advantage in doing so. To succeed in this transformation, new laws and rules must be put in place that are attractive to all stakeholders.¹¹ FEDA calculated that the bribes imposed on those street vendors by corrupt government officials to allow them to operate can be translated into legal fees paid by those vendors to get themselves licensed. However, this mutually beneficial arrangement cannot be implemented unless a law is formulated about it. With CIPE's help, FEDA has presented a draft law about this issue to the SCAF, and is waiting for the law to be considered by the new parliament.¹² CIPE's work on the informal economy is part of its vision for democracy in Egypt, where strong state institutions "deliver for all Egyptians".¹³

II. CIPE's Methodology

There are two key factors that govern how reform initiatives can be implemented. First, reforming the regulatory framework is a long-term process that may take years to materialize. Second, the development of institutions is a local process and must make sense to local stakeholders.¹⁴ CIPE addresses these factors through taking a bottom-up approach to developing institutions, through identifying local initiatives and supporting them. This means that, whether CIPE projects are primarily led by CIPE or its local partners, the *content* of CIPE-supported projects is mostly locally driven, while CIPE provides advice on *process* for development and implementation. The long-term nature of regulatory reform is also addressed by CIPE through formulating project aims around achieving habit-forming processes—not just policy changes—such as fostering dialogue as a habit among local stakeholders.¹⁵

Within this framework, CIPE's operational methodology can be broken down into several components, which together form CIPE's core competencies.

1. *Assessing the local environment.* CIPE always conducts an assessment of the local environment to determine what is possible in terms of projects and themes.¹⁶ This leads to a deep understanding of challenges and opportunities.

2. *Working with partners to identify local issues.* CIPE lets its partners suggest project ideas. It then facilitates the gathering of information for partners so both sides can get input on how best to develop the project ideas.¹⁷ In Lebanon, in response to the DPNA's diagnosis of the need for capacity building of the entrepreneurship skills of youth, in 2006, it launched a guide, "Youth and the Private Sector", after which it trained 120 people in Saida in Southern Lebanon as a pilot project. This led to a widening of the geographical scope of the project to cover the North, Beqaa Valley, and more areas in the South, and to working with the Ministry of Education and Chamber of Commerce and Industry in order to lobby for entrepreneurship skills to be adopted by the national curriculum.¹⁸ In Egypt, FEDA identified the problems faced by small and medium business owners as an issue that needs addressing. FEDA in turn conducted a survey that aimed at identifying specific problems (such as the fees imposed on businesses wishing to hire employees, or on the licensing of factories). As a result of the survey, FEDA is now focusing on supporting the re-opening of more than 1800 factories that have been closed down in Egypt, through researching legislation, administration issues, and funding sources. It aims to use this research to influence the new constitution that will be drafted by the incoming People's Assembly, so that the constitution takes this issue into account.¹⁹ In both cases, CIPE has played an active role on all levels of project design, development, and management, where the design of projects takes the methods and expectations of local partners into consideration.²⁰

3. *Developing projects with partners.* Once a project idea is agreed on, CIPE works with partners to develop it, for example, through advising the management of partner organizations via regular face-to-face meetings and video conferencing.²¹ CIPE also gives its local partners feedback on specific ideas that is derived from its previous experiences in other regions of the

world. This serves to illustrate how ideas have worked elsewhere in a concrete way, infusing local initiatives with international frameworks of reference.²²

4. *Implementing gradual, incremental programs.* CIPE sets each initial project a timeline of 12 months, open to renewal. This allows CIPE to test whether projects are meeting objectives, but also gives it and its partners the opportunity to develop long-term programs of work (as opposed to small-scale projects) that can grow organically and that can be broken down on a year-by-year basis, where each new stage is informed by the outcomes of the preceding one. For example, with the project on corporate governance that has been developed with the LTA, the project started with the LTA's establishing a board of experts, composed of varied stakeholders (businesspeople, lawyers, public officials, academics, business owners). Then, the LTA conducted a survey (in 2003-4) on the status of corporate governance in Lebanon that was informed by input from the board. After that, CIPE and the LTA developed a code of ethics for small and medium businesses, followed by an awareness-raising workshop for local stakeholders. By 2007, local companies had started approaching the LTA for training and services on corporate governance. This success allowed the LTA to then develop an Institute of Directors, which offers advisory services, research, and training on good governance.²³ An added benefit for local partners engaged in long-term programs is the experience and skills they get through this process, which strengthens their capacity.²⁴

5. *Designing projects and programs with objectives that relate to process, as well as legislative change.* Projects are often designed with objectives like increased participation by stakeholders and consensus building.²⁵ This means that the long-term benefits of the projects and programs sometimes go beyond their official timelines.

6. *Focusing on advocacy and collective action.* Collective action by stakeholders is crucial for reforming policy. CIPE believes that contribution to dialogue by the private sector not only "expands participation in policymaking", but also "supplements the performance of democratic institutions".²⁶ In Lebanon, the LTA is using this method in its anti-bribery program, which brings together as many stakeholders as possible. This program has evolved over several stages. First, to find out whether there is potential for collective action in Lebanon, a study on corruption (for example, as it relates to taxes, or the electricity sector) was performed. After that, a code of ethics for small and medium businesses was developed, coupled with training on how it can be implemented. Then, a guidebook, "You are Being Audited", was published, followed by a survey on administrative corruption (covering issues like land registration processes and fees and public services). The project evolved into focusing on educating citizens about their rights, thereby linking stakeholders from a wide spectrum, and linking the LTA with a new kind of stakeholder (citizens) that the LTA had not had a strong connection with in the past.²⁷ The added benefit of collective action by different stakeholders is that their involvement increases their sense of ownership of the project. With the anti-bribery program led by the LTA, the Ministries of Justice and Interior, 14 business associations and chambers of commerce, NGO representatives, as well as small and medium business owners have been involved in the project from the start.²⁸

7. *Working on the grassroots and policy levels simultaneously.* Achieving a change in policy requires working on both the grassroots and government levels together. In Lebanon, the DPNA believes that working on the grassroots level only would allow projects to reach a limited number of people, whereas working on the national level, to create draft laws to be presented to parliament, would allow project objectives to impact a much wider constituency.²⁹ In Egypt, FEDA follows the same vision. For example, when the People's Assembly set a new labor law that did not take into account civil society organizations, FEDA lobbied for the law to be changed, and the law was amended as a result. CIPE's role has been to strengthen FEDA's work through developing ideas and projects and training; for example, CIPE has helped train FEDA members in different governorates in Egypt on policymaking on the level of those governorates, which aims to eventually feed into national policymaking. FEDA uses an additional method, which is to engage the media, in order to stimulate public debate about the issues it is working on and thereby to strengthen its lobbying efforts.³⁰

III. Negotiating Challenges in the Local Environment

CIPE and its local partners face a number of challenges from the local environment. Addressing those challenges effectively requires a deep understanding of the social, economic, and political contexts in each country that CIPE operates in, which lends weight to CIPE's model of engagement with its local partners who are collaborators, not mere implementers. While primarily addressing CIPE's work, the challenges and recommendations listed below apply to all international NGOs working on reform and development in the MENA region.

1. *Administrative structures.* CIPE's choice of what issues to focus on in any particular country is constrained by what is doable in each environment.³¹ Sometimes the local environment presents a series of complex challenges. In Lebanon, there are administrative challenges. There is no ministry of planning or a long-term strategic plan for reform by the government.³² The Cabinet Program issued by each new government is not actually a program but simply a "ministerial memo" and does not include financial or administrative reform as an item,³³ and the government structure itself is not a system that allows evolution.³⁴ There is also a strong confessional system that influences governance, a weak central government, and severe political divisions. Within this system, politicians do not have the vision to work collectively.³⁵ Within the civil service, people are regularly hired on the basis of sectarian affiliation, not competence, which results in a lack of sufficient manpower to allow reform to be implemented within the government.³⁶ There is also a lack of quantitative data like a reliable census, which makes it difficult to design useful projects that respond meaningfully to the local environment.³⁷

Recommendation: CIPE partners demonstrate a deep understanding of those issues, which in turn influences CIPE's own understanding of the local environment. CIPE should continue listening to its local partners, and widening its network of local partners, in order to remain fully aware of the breadth, depth, and complexity of administrative constraints, and therefore be able to take those factors into account when designing local projects.

2. *Politicization*. In Lebanon, politicization is a complex picture. First, real political power lies in the hands of sectarian leaders, who want to keep their power intact, rather than in the hands of MPs and ministers.³⁸ This results in significant political meddling; for example, the telecommunications sector in Lebanon is politicized, and there is no regulatory body to govern it or other government services, and no independent judiciary.³⁹ Second, access to policymakers by stakeholders can be difficult because of perceived political leanings. It took the DPNA seven months just to be granted a meeting with the Educational Center for Research and Development in Lebanon, because the officials in charge of the Center belonged to the March 8 political camp, while the DPNA's contact at the time, the then Minister of Education, was from the March 14 camp. Third, international organizations often demand the existence of core funding by local partners before granting financial support, but raising funds locally in Lebanon is politicized as the source of funding colors local NGOs and their perceived political leanings.⁴⁰ Finally, the economic elites are the same as the political elites; for example, private banks lending the state are owned by politicians, so there is collusion between the state and economic stakeholders which makes it difficult to implement economic reform.⁴¹ In Egypt, before the Revolution, the government interfered significantly in the work of NGOs and in labor union elections, and regularly employed state security to monitor NGO activities, such as FEDA's conferences on issues like access to information, fraud, corruption, and the minimum wage.⁴² Currently, the military, as a significant economic force, prefers to maintain the status quo because it benefits its economic interests.⁴³

Recommendation: The LTA and the DPNA in Lebanon try to overcome the problem of politicization through targeting political leaders, not just members of parliament, when lobbying for and presenting draft laws, and by having all camps represented on their boards so that they communicate a non-partisan stance.⁴⁴ CIPE can assist in this through helping its partners reach out to the wider population so that their lobbying efforts have broader support. It can also work with its local partners on long-term goals aimed at changing the status quo. For example, the DPNA's vision is that changing the local environment can only be achieved through creating new leadership that is in touch with global trends, and hence its work focuses on the capacity building of youth in Lebanon, particularly that 65% of the Lebanese population is below the age of 30.⁴⁵

3. *Weak civil society*. A key challenge for CIPE is the existence of weak civil society organizations (CSOs). For example, building CSOs' capacity for lobbying and advocacy is not meaningful unless the CSOs themselves are well governed.

Recommendation: Empowering civil society organizations is a priority. CIPE addresses this through strengthening its local partners, so that organizational capacity building is an explicit objective of its projects and programs. For example, in Egypt, CIPE worked with FEDA and the Ahrām Center on developing guidelines for NGOs, in response to the problem that NGOs in Egypt were not well governed themselves. The guidelines were all adapted to fit the local context.⁴⁶ In this way, CIPE's projects have added value that goes beyond their formal life spans.

4. *Building credibility*: Partners face the challenge of needing to be taken seriously by stakeholders, so that their projects are perceived as meaningful, responsive, and doable.

Recommendation: Credible projects can be achieved through setting incremental goals. The LTA in Lebanon recognized that in order to progress to working on topics such as anti-bribery, it first had to establish a credible reputation. This was done through focusing on corporate governance at first, as a way of making the business case for good governance in companies.⁴⁷ Achieving success in this program was a way of “proving” to the local community that such kinds of reform initiatives were doable, which later allowed the LTA to launch a more ambitious program on anti-bribery.

The DPNA faces a similar challenge: It tried to issue a guide on “Youth and Political Parties” but stopped the project after a year because it was too sensitive,⁴⁸ but its “Youth and the Private Sector” project was an easier topic to work on with the local community. This project later allowed the DPNA and the LTA to launch another project on “Youth and Municipalities”, which has given them the legitimacy to operate in sensitive geographical locations like Southern Lebanon.⁴⁹ The DPNA regards its work on environmental issues as a “passport” into certain villages. Its approach is to work on small-scale projects to develop villages (for example, rebuilding churches, creating clinics, reforestation, creating a water supply, opening roads and natural sanctuaries, creating children’s activity camps), which helps it garner a good reputation and built trust. It is this trust infrastructure that allows it to later work on policy-oriented projects.⁵⁰ CIPE should continue supporting this incremental approach that is built on bottom-up feedback by partners operating on the ground.

5. *Building legitimacy*: Building legitimacy is a challenge on two levels. First, the association between local partners and international organizations is a double-edged sword. One advantage of this association is that it can give local partners clout. In Lebanon, the presence of a CIPE representative when the DPNA wanted to get through and meet stakeholders such as ministers had a positive impact on access to those stakeholders,⁵¹ and this association with a credible international organization continued after CIPE’s representatives departed. But at the same time, this association can generate suspicion among the local population about the intentions of an internationally-affiliated or funded organization.⁵² Second, it is a challenge when dealing with sensitive topics.

Recommendation: Understanding of local sensitivities is important for international NGOs. CIPE is highly aware of this challenge, so that when presenting a sensitive topic, the topic is introduced within an acceptable framework. For example, to address decentralization, the need to elect local leaders is raised as part of a wider debate on corruption, rather than on decentralization itself.⁵³ In Egypt, FEDA is now lobbying to change the local administrative law to work towards this.⁵⁴

6. *Weak citizenship*. Although citizens may be interested in an issue like corporate governance, they sometimes approach work on good governance with skepticism.⁵⁵ In Lebanon, citizens are

often apathetic about institutional reform, often believing that nothing can change. According to the LTA's Badri Meouchi, citizens largely believe that investing in the state is not worth it. The LTA has recognized the importance of making citizens realize the cost of this apathy. For example, politicians in Lebanon are not afraid of the media, the law, or the citizen, so there is little accountability.⁵⁶ This is made worse by the lack of access to information about government plans and practices.⁵⁷

Recommendation: Empowering citizens is as important as empowering civil society. The LTA is responding to this through launching a project on access to information, to empower citizens to ask the right questions about accountability.⁵⁸ In Egypt, the post-Revolution environment is allowing CIPE to talk more directly about democracy, corruption, and good governance, and as a result, currently a guide on corporate citizenship is being developed.⁵⁹ CIPE should encourage its partners to stimulate public debate about the issues they are working on, both through initiatives aimed at involving citizens directly, and through public awareness campaigns that go beyond the completion of individual projects and raise awareness about key issues.

7. Finding independent partners. CIPE aims to find local partners who are independent and not led by government interests,⁶⁰ but this is difficult in environments where the government controls access to local organizations. For example, in pre-Revolution Egypt, international and local organizations faced serious procedural and legislative hurdles, such as how civil society activities needed pre-approval from the government. Another problem is that, often, chambers of commerce, prominent businessmen, industry representatives, and civil society organizations were co-opted or under the wing of the government.⁶¹ This means that Egypt's economic growth during this period was not broadly shared.

Recommendation: An inclusionary approach that involves a wide spectrum of stakeholders, particularly from marginalized areas/groups, is crucial. CIPE is addressing this problem through trying to bring new stakeholders into the national economy.⁶²

8. Project implementation. One challenge facing projects such as those on corporate governance is their reception in remote, rural areas. Presenting a topic like the roles and responsibilities of board members to a family-owned company in a village is difficult.⁶³ Another problem in Lebanon is that corruption is embedded within the government, so even if the government passes anti-corruption laws, it does not abide by the laws it ratifies.⁶⁴ The combination of problems in the Lebanese status quo makes it very difficult to come up with a comprehensive plan of action for any organization working on reform.⁶⁵

Recommendation: The first challenge to project implementation mentioned here can be met by designing projects with flexible implementation mechanisms. The LTA follows this in that although it uses the same corporate governance codes in all geographical areas, the codes are not presented in the same way everywhere, and the focus on issues within each code changes according to the kinds of companies addressed in each location.⁶⁶ CIPE can support more creativity in the design of codes and projects aimed at rural audiences. The second challenge to

project implementation here is harder to address, but can be tackled through empowering civil society, citizens, and the media to assume the responsibility of demanding checks and balances from the government. This requires the design of projects with long-term aims and periodic follow up on project implementation where the media are also engaged.

IV. Implications for Economic Reform and Democratization

The above analysis shows a strong correlation between CIPE's work and support for democratization, both on the level of content of CIPE-supported projects, and of CIPE's methodology and approach. There are a number of ways in which the adoption of this dual correlation by international NGOs as an example of best practice can support democratization:

1. For international organizations to support “democracy that delivers”,⁶⁷ having a deep understanding of local needs, challenges, and opportunities is crucial for formulating meaningful projects and objectives. CIPE's method of setting objectives that emanate from local needs allows the creation of meaningful objectives in each local setting that match local needs with a democratic agenda.
2. CIPE's inclusion of new stakeholders in the national economy as well as its interest in engaging with local partners, particularly from marginalized areas, supports pluralism and inclusive growth, which is in line with the democratic principle of guaranteeing the rights of the marginalized.
3. CIPE's involvement and creation of new stakeholders who have an interest in how policy is made helps create an infrastructure for democratization—working towards democracy requires the formulation of viable policies, and therefore, the creation of interest in policymaking by stakeholders.⁶⁸
4. CIPE's engagement with partners on the local level allows the creation of meaningful policies that are locally owned and nationally adopted.⁶⁹
5. CIPE's method of merging of the creation of opportunities for local stakeholders, inclusive growth, and good governance⁷⁰ supports the inclusion of social justice as a factor in economic growth, so that growth is closely linked with reform.
6. CIPE's work on corporate governance raises awareness about core principles (transparency, accountability, fairness, responsibility) that are shared between a viable economic sector and a democratic system. This awareness is not only raised among business owners, but also citizens at large—awareness empowers citizens to demand the application of such values not just from private companies, but also from the public sector as rights.⁷¹ This awareness and empowerment has had an indirect effect on the trajectory of uprisings in the MENA region, which were driven by the demand of the people of the region to be treated as citizens with full rights.⁷²
7. CIPE's work on corporate governance, corruption, and access to information also supports the creation of democratic governance that is responsive to citizens.⁷³

8. Democracy is built on the presence of viable institutions; CIPE's support of economic growth and reform based on viable institutions therefore espouses creating an infrastructure for democratization.
9. Democratic reform is a long-term process. CIPE's focus on changing *habits* supports the creation of meaningful policies and viable societies in the long run; in this way, reforming the economy fosters good democratic habits.
10. CIPE's capacity building of civil society has long-term implications. By focusing on economic growth, CIPE's work is not seen as a threat by governments. Yet it allows the articulation of demands by economic organizations through the provision of tools and processes for dialogue.⁷⁴ Economic organizations are part of civil society, and a strong civil society is an important component of a democratic society.
11. CIPE's capacity building of its local partners allows the creation of new economic and political leaders. In Egypt, the Revolution provided an opportunity for several members of FEDA to run as candidates in the forthcoming elections.⁷⁵ In this way, CIPE's work has helped shape a new generation of reform-oriented political leadership in Egypt.
12. CIPE's support of projects focusing on youth is of crucial importance in countries in need of new, young leaders.⁷⁶ Democratic reform is a long-term process, and democratic transition is strengthened with the presence of those with the skills and expertise to lead their societies towards a democratic future.
13. CIPE's inclusive, bottom-up/top-down approach to policy reform that combines a legal, regulatory, social, and economic framework⁷⁷ provides a comprehensive framework for addressing democratic reform that capitalizes on the interplay between those different angles.
14. CIPE's focus on inclusive growth and collective action, which brings together different stakeholders, fosters an environment amiable to processes of national dialogue in periods of democratic transition, and supports freedom of association.⁷⁸
15. The local environment often presents a number of challenges that go beyond CIPE's own ability to effect democratic reform. CIPE follows Rodrik's "Second-Best" pragmatic approach in dealing with this challenge, supporting the creation of state institutions that take into account the challenges of the local context, rather than "ideal type" institutions that would be difficult to implement in such a context.⁷⁹
16. CIPE's comparative framework on reform, which capitalizes on its experiences in different regions of the world, is of utmost relevance today in the context of democratic transitions in the Arab world. The Arab Spring has opened up new opportunities to create projects that apply on a regional level, across borders, where partners from different locations can be brought together to work on common themes. For example, Tunisia is now particularly interested in hearing from the experiences of Eastern Europe.⁸⁰ CIPE's international experience makes it well placed to create projects and programs addressing this demand.

17. CIPE's responsive approach to setting program agendas allows it to "build on new political opportunities" in the Middle East in the current period of democratic transition.⁸¹
18. CIPE's method of working on incremental, long-term programs where lessons learnt from a given stage are used to formulate the goals and approach of the next stage allows its work to evolve in a meaningful way that keeps its democratic aims on track while being firmly responsive to any changes in the local environment, be they rising challenges or opportunities. The case of post-Revolution Egypt is an example.

The case of Egypt today

In post-Revolution Egypt, there is a perceived public backlash against market reform and private enterprise.⁸² But this backlash is driven by how liberalization under the Mubarak regime meant benefiting the economic elites only.⁸³ There were no viable institutions that governed business people before the Revolution.⁸⁴ What is being demanded right now is administrative reform. The public sector in Egypt cannot be expected to create more jobs because it is already inflated, which leaves the private sector to play the role of job provider. What is needed to strengthen the private sector in the current environment are measures against corruption, streamlined bureaucracy, capacity building, and better laws (for example, facilitating opening bank accounts for new businesses, or exit strategies for companies).⁸⁵ There is now a dynamic move in Egypt where people in the economic sector are becoming more active on the micro level within institutions, for example, within professional syndicates. There is heightened awareness of the need to present draft laws that would support a viable economic environment. It is not enough to have good ideas; for good ideas to be implemented, the regulatory and legal framework needs to be supportive.⁸⁶ This is why working on policy reform and reforming institutions is of crucial importance in today's post-Revolutionary Egypt to support the country's democratic transition.

Endnotes

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