



## *A Reading of Recent Developments in the EU and Implications for Good Governance Reform in Egypt and MENA*

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### 1. Introduction

Global governance as an ambiguous term referring to “systems of rule at all levels of human activity—from the family to the international organization” (Rosenau, 1995: 15) has different meanings in different contexts. However, while most of the ‘governance’ policy work accentuates contextualization, its outcomes often have vague connections to the paradigms and frameworks of global governance and/or national (and supranational) political institutions. In this policy brief, we present our reading of the recent developments in an EU context, specifically by seeking to explore the spillover consequences of the recent ‘surprise’ Brexit not necessarily for ‘developed’ countries in the EU (as a supranational entity) and other parts of the ‘OECD’ (as a global governance organization) but in terms of the impact of the dynamics of such developments on particular enclaves of the ‘European Neighborhood’, including Egypt and the Middle East and North African (MENA) region, that have struggled to negotiate the terms of such ‘neighborhood’ for decades now. This has added to the struggles of coping with the effects of recent domestic turmoils and the refugee crisis in the region, where Egypt has particularly shouldered its burden as a significant transit point to Europe.

### 2. MENA-OECD and ENPI as instruments of reform:

Following important highlights in the modern political history of the countries in the MENA region, including accession into international forums such as the United Nations Convention Against Corruption (UNCAC), the World Trade Organisation (WTO) and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which Egypt in particular had joined between 1981 and 2005, two key milestones have marked a step forward in the relations between two key governance actors, i.e. the OECD and the EU and the countries of the region over the last decade (OECD, 2010: 37).

The first one, the MENA-OECD initiative, conceived during the period of 2003 and 2004 and later crowned through the Marrakesh Declaration on Governance and Investment in November 2009, was regarded as one-of-a-kind platform not only for a realistic assessment of organizational and cultural challenges, analysis of their implications for reform in various aspects of public administration systems or proposal of cliché institutional development frameworks but mainly as conduits to peer-to-peer lesson-learning and sharing ‘reform success’ experience both between the OECD and MENA as well as amongst coun-

tries of the regions (OECD, 2015). For Egypt, the initiative has reportedly meant ‘significant improvements to administrative capacity by progressively delegating the policy decision-making process to ministries and local administrations and establishment of new capacity-building institutions, in addition to reforms in regulatory frameworks, gender-based participatory governance and e-government’ (OECD, 2015: 19).

An approximately ten-year old initiative, with a renewed focus for 2016-2020, which originated at the 2015 Rabat Forum on Governance and Competitiveness for Development and will culminate in the Tunis OECD-MENA Ministerial conference in October 2016, its next forum is less likely to be predominantly pre-occupied with the ‘governance’ aspects. Rather, it will showcase certain positive experiences in terms of growth in investments and private sector development (and future prospects) while unquestionably factoring in the diversity in socio-economic textures of MENA countries (less notable in the original agreement), consequences of political turmoils of the last few years for economic growth, failure of reforms to address the ongoing (youth) unemployment as well as current security threats that have arguably impacted economic growth in the region (ibid). In a nutshell, the

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salience of the 2016-2020 strategy will lie in the notion of 'competitiveness' added to the development equation for MENA, which in the case Egypt clearly marks a 'new era' in light of the tumultuous events and drastic political changes of both 2011 and 2013.

However, such renewed focus is not necessarily the exclusive domain of the OECD-MENA relations. For example, if we are to follow the trajectory of developments in the relations between the EU and Egypt, a binary whose increasingly strategic importance within the MENA region has been sealed since the 2004 EU-Egypt 'Association Agreement' and 2007 'Action Plan' (subsequently officiated under the 2007-2013 European Neighborhood and Partnership Instrument - ENPI), 'competitiveness and productivity of economy', 'inclusive economic growth' as well as '(improvement) of governance, transparency and business environment' appear to be key words in the current EU-Egypt relations under the current 2014-2020 ENI (in the context of a revised European Neighborhood Policy) (EEAS). This most recent instrument of assistance extended to Egypt, of all countries in the MENA region, also supports cooperation in other fields including development of civil society, quality of life and environment and upgrading of infrastructure in informal areas as opposed to priority sectors such as political reform and emergency assistance during the uprisings of the early part of this decade<sup>1</sup>.

### 3. A glance at regional governance reforms:

Over the last few years, public governance in Egypt (as well as more broadly across the MENA region) has typically centered around striking a balance between pillars of reform encompassing inclusive participation, formation of political parties and electoral politics, on the one hand, and the domi-

nance of either ideology-based or authoritarian regimes on the other hand (Bhuiyan, 2015). However, the complexity of such balance cannot be understood outside the contours of socio-economic development paradigms and the erosion of the social contract that perhaps directly contributed to the recent domestic turmoils in the country and region. Specific to the Egyptian context, the events of 2011 and 2013 have certainly unfolded new challenges of pre-existing conditions of various strata of the country's socio-economic fabric. These had systematically manifested themselves in a marginalized middle class and alarming rates of youth unemployment on top of a chronically poor governance system (Bhuiyan, 2015). However, while most of the policy work, subscribing to international principles and practices of governance has prioritized dimensions such as anti-corruption, gender and human rights, less of it seems to be pre-occupied with other equally important areas of public governance including civil society and responsive institutions that ultimately have direct implications for the lives of citizens, inside and outside of Egypt. It is precisely based on such preponderances that we highlight the need for exploring such aspects from broader global paradigms that connect the Egypt (and MENA) context to the EU and the OECD world, whose recent dynamics will likely continue to influence governance reforms in the region.

### 4. Brexit and its potential impacts around the MENA region

Clearly, an unsavory reality today poses – to both citizens and policy-makers – new challenges including persistent poverty, troubling rates of unemployment and rising levels of xenophobia, which as the OECD recently warns, 'need urgent action by governments to boost output in order to stop the world from becoming stuck

in a low growth trap and generations of workers both young and old being left permanently poor' (The Daily News Egypt, 2016). Yet, the paradox appears to lie not only in a manifestation of such phenomena in many parts of the developing world, MENA included, but primarily in developed countries, and particularly in the EU, whose current economic plight is likely to continue to suffer from recent developments such as Brexit. Its spillover effects, only in the last two or three months, have shown in increased faith-based hatred and cultural racism particularly in the UK and the EU but also in other OECD countries (The Independent, 2016) – phenomena which, in the context of our discussion, is more likely to affect MENA citizens living and working abroad than those in the region.

However, to argue that the pre- or post-Brexit economic difficulties of the EU have or will have a direct impact in the future of the MENA region would be an overstatement. It does, however, make perfect sense to interpret the implications of the EU-MENA relations – before the advent of Brexit – from a more historical perspective, transcending beyond formal aid mechanisms such as the European Neighborhood Partnership Instrument (or simply ENI) or coordinated efforts of all sorts to deal with the unprecedented effects of economics migration and increasing security concerns around the region, with dangerous ripple effects on a global scale. In fact, while research shows that more serious attempts to foster a better linkage between the EU and the southern part of the Mediterranean (rather than the MENA region as a whole) date back to 2008 with the idea of the 'Union of Mediterranean', a recent analysis is pointing to the potential for a renewed focus on a long-term rather than reactionary strategy in EU-MENA relations precisely at a time of shifts in policy priorities within the EU

<sup>1</sup>In financial terms, EU's bilateral assistance to Egypt under ENI during 2014-2016 may have ranged between a minimum allocation of €311 million and a maximum allocation of €380 million (EEAS).

(or ever further in the OECD club): "Brexit seems the perfect time to rethink the purpose of the EU and lead it to rethink how it deals with the rest of the Mediterranean countries - not necessarily as 'part of the Union' but as 'partners of the Union' " (Washington Institute, 2016).

An optimistic interpretation of the above argument might raise hopes – perhaps prematurely – that the EU itself will surely seek alternative to deal with the post-Brexit crisis, arguably by bringing back the early 'enlargement' strategy of the 1990s and revisiting its negotiating position with Northern Mediterranean countries, possibly by accelerating the necessary processes and mechanisms in extending membership to Southeast European enclaves (that is, Western Balkans and Turkey). Irrespective of how realistic chances of this hypothetical EU approach would be in the next couple of years, this would certainly prompt a re-visitation of the position of the EU towards its 'partners' or 'neighbors' further in the Southern Mediterranean, a hopeful strategy which Egypt – being a key economic and political actor in the MENA region and a strategic (and military) ally of a number of important countries in the OECD – would most certainly benefit from in the next few years. A ripple effect of this would translate in more meaningful support (and funding) for governance reforms, which – irrespective of Brexit and other economic and security crises in the EU and elsewhere – Egypt and other countries in the MENA region (Tunisia and Morocco in particular) might prospectively access as they are already considered as 'partners' of the EU-OECD duet in efforts toward governance around Europe and globally. This argument in itself should suffice to alert Egyptian and MENA policy-makers to the 'paradoxical' benefits of a potential renewed strategy between the EU and the OECD and the country (as well as the region) and respond to it accordingly and co-

coherently through (more) proactive policy dialogue with the EU institutions and its counterparts in OECD countries. This would need to be combined with an economic capacity-building approach on domestic levels, in a way which not only helps Egypt and the region find quick economic solutions but also shoulders Europe's current crisis too.

## Concluding thoughts

Through the lens of the interaction of the MENA countries, and Egypt in particular, with governance and reform institutions – mainly through membership treaties or assistance mechanisms (such as the ENPI) – this policy brief has attempted to analyse the potential implications of recent developments in the OECD and EU countries for the region and the country. Recognizing the potentially lasting impact of events such as Brexit on the world economy and its perceivably negative (economic and social) consequences, likely to affect not only the developing world but also developed countries, primarily in the EU, we do not necessarily claim there is a direct association between its spillover effects and the 'governance' future of the MENA and Egypt. Indeed, such effects are more likely to affect MENA and Egyptian citizens, living and working in the UK, the EU (or even other OECD countries) than societies of our region per se. It is, however, our claim that the post-Brexit 'era' in the EU might indeed, provide a scope for more ambitious negotiations towards renewed partnership strategies between the EU and the 'Southern' Mediterranean, with Egypt being a key player in it. Despite how paradoxical or even unrealistic the odds of this scenario are, this could bode well with interests of key political actors, in the EU and the MENA, and translate into more governance support in the near future, likely to ultimately benefit the socio-economic development of region, especially at a time when countries such as Egypt still struggle to recuperate from effects

of recent political unrests, socio-economic hardship and the effects of the refugee crisis.

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