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**PUBLIC-PRIVATE  
PARTNERSHIPS: THE  
EXPERIENCE OF ALEXANDRIA**

**HEBA-TALLAH S. SHAABAN**

**2004**



THE AMERICAN UNIVERSITY IN CAIRO  
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES  
DEPARTMENT OF POLITICAL SCIENCE

Thesis  
2004/72

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PUBLIC- PRIVATE PARTNERSHIPS: THE EXPERIENCE OF ALEXANDRIA

HEBA-TALLAH S. SHAABAN

A THESIS SUBMITTED  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF ARTS IN  
POLITICAL SCIENCE

DECEMBER 2004



The American University in Cairo

2004/72

Public-Private Partnerships: The Experience of Alexandria

A Thesis submitted by  
Heba-tallah S. Shaaban

To the Department of Political Science  
December 2004

In partial fulfillment of the requirements for the degree of Master of Arts

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## CONTENTS

ACKNOWLEDGEMENT.....	iii
CHAPTER	
I-INTRODUCTION.ON TH POLITICAL SITUATION IN EGYPT.....	1
Research problem, Objectives and Hypotheses .....	8
Methodology .....	10
II- LITERATURE REVIEW AND THEORETICAL FRAMEWORK.....	12
Main Ideas in the Literature.....	13
The Institutional Framework: Classic and Neoclassic theories .....	18
Types of Partnerships.....	25
Evaluation Model and Tools.....	30
III- CASE STUDY I: THE EDUCATIONAL REFORM PROJECT.....	35
The Quality of Education in Egypt.....	35
Goals of the Project.....	41
Project Structure.....	42
Evaluation and Findings.....	44
IV- CASE STUDY II: THE URBAN UPGRADE PROJECT.....	59
Achievements in Urban Upgrade .....	63
Evaluation and Findings.....	73
V- CONCLUSIONS AND POLICY RECOMMENDATIONS.....	80
APPENDIX:	
Bibliography.....	90



CHAPTER I  
INTRODUCTION  
THE POLITICAL SITUATION IN EGYPT

For my parents  
Aisha and Salah Shaaban

For my husband Omar  
And my second parents  
Hoda and Sherif Delawar

And for my two princesses  
Hoda and Hana



CHAPTER I  
INTRODUCTION ON  
THE POLITICAL SITUATION IN EGYPT

The researcher took a personal interest in this thesis topic upon becoming a resident of Alexandria in September 1999. This interest was nurtured everyday as the researcher had the chance to witness first hand the accomplishments, which took place, and followed the controversies regarding how these partnerships were organized and how their results were evaluated. The media though portrayed the process as a great success. It covered issues such as al Mahgoub's invitation to give a presentation on the experience of Alexandria at the cabinet of ministers before fellow governors in July 2003 in preparation for the replication of the experience, and at the World Bank meeting on the Innovation and Entrepreneurship held in Marseille, France in September 2002, receiving the Outstanding Arab Management Award from Sheikh Mohamed Bin Rashid al Maktum, crown prince of Dubai and UAE minister of defense, in recognition of his urban upgrade of the city while preserving its historical and cultural identity. As the economic situation in Egypt at the close of the century started to sharply deteriorate, the researcher started to perceive Public-Private Partnerships as an innovative and rational method to fill the gap in public services, improve the quality of existing services, involve the private sector and the community, and the researcher became keener to examine this issue.

As most of our knowledge on PPPs refers to experiences which took place in Europe, particularly the UK, the United States, Canada and Australia, this chapter



presents a discussion of the political context in Egypt and deals with the topic of Public-Private Partnerships (PPPs) as part of state reform, the changing role of the state, decentralization and privatization and tries to establish a link between these issues as McCaerney recommends<sup>1</sup>. It is important to discuss the impact of lessons learned from this experience in relation to the Egyptian state reforms and the Egyptian political context and conclude what can be done to improve the implementation of the PPP pattern as a policy instrument.

Nowadays, there is a process of political change, which permitted the emergence of Public-Private Partnership. That is to say that these partnerships would not have been materialized under the conditions, which prevailed under Nasser's and Sadat's rule. The researcher sheds light on the political environment in contemporary Egypt and addresses the process of political change, the liberalization movement and the prospects for PPPs. In order for partnerships to flourish, this thesis argues that there is a need to have a liberal economy in which the private sector may thrive in order to act as a major community participant, a local government that encourages participation and which enjoys some autonomy from central government itself and a new system by which partners are accountable to local government and local government is accountable to the people's local councils.

The purpose of the following section is to provide a background on the political environment in contemporary Egypt and the current process of political reforms in order to be able to assess the changes which are taking place.

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<sup>1</sup> Patricia McCaerney (Ed) *Cities and Governance: New Directions in Latin America, Asia and Africa*, University of Toronto Press, 1996, P. 10.



Kandil provides a full account of the growth of the movement of political freedom and rights in contemporary Egypt.<sup>2</sup> According to her study, the liberal era (1923 to 1952) witnessed the growth of voluntary initiatives, the expansion of the scope of community activities and the participation of the middle class in these activities. The 1923 constitution gave the right to establish associations. 1401 associations, eight professional syndicates and 38 labor unions in addition to competitive political parties existed pre-July 1952. This era was characterized by an active civil society, freedom of expression for political, social and economic powers.

Post July 1952, the picture completely changed. The new regime banned political parties and moved into a single party system. In addition, the regime amended the constitution to remove the clauses pertaining to civic rights and banned civil society organizations. Socio-economic policies shifted towards socialism and state bureaucracy dominated social and economic spheres. All women associations, unions, leftist and Islamic organizations were banned. Civic work was reduced to charity work and the government controlled syndicates. By the mid sixties, most syndicates supported the Nasserite regime and political institutions were incorporated into the single party system. Although this system curbed political freedom, the educational and social policies had a positive role in the increase of the membership of professional syndicates; particularly women and five new syndicates were established.

The next three decades witnessed a relaxation of authoritarianism. Sadat ushered the move towards political pluralism and economic liberalization, which changed the socio economic fabric of society. Thus new types of institutions such as businessmen associations, human rights and women's organizations emerged for the first time. The

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<sup>2</sup> Kandil, Amany. "Al Mugtama' Al Madani fi 50 Aman" (Civil Society in 50 years: 1952-2002), *Al Ahram*, 24 July 2002, p.30



number of syndicates increased to 24 syndicates with 3.5 million members. These syndicates had a prominent role in the Egyptian political life; particularly the syndicates of lawyers, doctors, engineers, journalists and they often opposed and criticized the regime. The syndicates' political role grew even stronger as the syndicates began to interact among each other and established a coordination committee.

During the past two decades, the number of associations rose from 7 593 in 1976 to 16 000 in the year 2000. In 1975, the first businessmen association was established. In 2000, the number of businessmen associations reached 16. In 1982, the first human rights organization was established while in 2000, the number of human rights organizations reached 32. However, the government's slogans of change, development and the concept of partnership with the private sector were not accompanied by matching legislative amendments. Law 153 of 1999 was the first legislative reform for associations. However, it lasted only 6 months and then there was a step back to Law 32 of 1964 until the controversial Law 84 of 2002 recently came out outlining the relationship between the state and civil society and granting the state authority to dissolve associations.

This means that the legislative and legal changes were not compatible with the developments of the changes in the socio, economic and political variables on national and international levels.<sup>3</sup>

Evaluating the level of liberalization in the Egyptian political context is however a point of contention for many scholars as each of them looks at the subject from a different angle. Indicative of this are the writings of Fandy, Zaki and al-Sayyid. All three of them agree that despite some nominal changes and a few signs of liberalization

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<sup>3</sup> *ibid*



in the Egyptian political sphere, Egypt still has a long way to go before it achieves democracy and a developed civil society. For example, Zaki mentions the limited political participation in elections as well as voluntary organizations and attributes it to a "chronic high level of absolute poverty and adult illiteracy."<sup>4</sup> While the channels for political participation have increased in number since the late 1970's, the level of participation within these channels still remains to be extremely low<sup>5</sup>. Fandy's main argument is that Egypt suffers from curbed freedoms and institutionalized repression. In other words, the regime seems keen on maintaining a tight grip on power, avoiding accountability and transparency and limiting popular participation.<sup>6</sup>

In 1995, Egypt had felt the growing global pressure for democratic transformation and the state conducted a gradual retreat from public affairs. According to Khalifa, even if the process of democratization in Egypt has been sluggish and halfhearted, the political situation in Egypt is still better than many other Arab countries such as Syria, Iraq and Libya and at least has heritage of political pluralism. Khalifa gives special attention to the rise of research organizations and think tanks, which have an integral role to play in society<sup>7</sup>.

Although Public-Private Partnerships are linked to the privatization process and the transition to more market oriented policies in Egypt, economic liberalization alone is not enough for these PPPs to grow and become effective instruments for development and service provision. As for al-Sayyid, the prospects for liberalization in Egypt have

<sup>4</sup> Zaki, Moheb. *Civil Society & Democratization in Egypt*, 1981-1994, Ibn Khaldoun Center, Cairo, 1995, P.100

<sup>5</sup> *ibid*, 101

<sup>6</sup> Fandy, Mamoun and Dana Hearn. "Egypt: Human Rights and Governance" Ed. Paul Magnarella *Middle East and North Africa: Governance, Democratization, Human Rights*, Ashgate, Brookfield, USA, 1999, p. 122

<sup>7</sup> Ayman Khalifa. "Reviving Civil Society in Egypt", *Journal of Democracy*, V.6, no.3 (July 95), 155-163, p.155.



deteriorated in recent years. The Egyptian government, al-Sayyid argues, must realize that economic liberalization will not solve all economic and social problems<sup>8</sup>.

As for the current status of liberalization, Al-Sayyid said, "There is a reversal in the liberalization process"<sup>9</sup> To prove his argument, he listed a number of facts: Military trials were held for civilians starting 1992; a new law suspending the elections of professional syndicates was issued in 1994, depriving villagers of the right to elect their mayor and university professors to elect their deans in 1995 while an attempt to curtail freedom of the press took place in 1995 but was aborted. In addition, the pace of economic liberalization has slowed down and the major industries-- such as the cement and iron and steel industrial complexes in Helwan, the textile factories in Al Mahalla Al Kobra and the fertilizers and textiles factories in Kafr Al Dawwar-- are not privatized yet.

In his opinion, the government welcomes Public-Private Partnerships mainly because it has a problem in mobilizing financial resources and the implementation of service projects. Without economic liberalization, we would not have had Public-Private Partnerships. The PPP's in themselves are an indicator of the progress in economic liberalization and a higher level of participation in public affairs. It also means that private sector would have an influence on decision making at the local level. In the case of Alexandria, the governor's new approach, his willingness to talk to people and allow others to participate was also important.

Even as early as 1998, the trend had started to evolve. Expressing the government's stand on this issue is the Development Report, a publication by the Social Fund for Development: "Coordination between public and private interest is an essential

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<sup>8</sup> Al-Sayyid, Mustapha K. "A Civil Society in Egypt?" *Toward Civil Society in the Middle East* Ed. Jillian Schwedler, Lynne Rienner Publishers, London, 1995, p. 47

<sup>9</sup> Personal Interview with Dr. Mustapha Al-Sayyid at the American University in Cairo, 18 December 2002.



prerequisite for success." This Development Report also emphasized the need to learn from East Asian countries where consultation councils were established between the public and private sectors, beneficiaries, labor union, industries and the government in order for policy makers to reach consensus." This channeling of public opinion and high level of participation through the consultation councils, create the chance for negotiation transparency and accountability. Consulting beneficiaries helps improve the quality of services and the efficiency level of the government performance. According to the report, as far as decentralization is concerned, it is part of liberalization, privatization, and the efforts to achieve governance between government and people.<sup>10</sup>

Some facts remain the same. The local government system in Egypt is divided into 26 governorates for which governors are centrally appointed. Every governor has an appointed executive as an assistant. Within each governorate, there are 126 districts (markaz) whose heads are centrally appointed officials. Below that level, there are 4 496 village municipal executive councils and 199 city municipal executive councils—all appointed. For each level of the administration (governorate, district and municipality), there is an elected local council whose decisions are not mandatory and is thus overshadowed by the appointed executive councils.<sup>11</sup> These facts suggest the complexity of political change, and make the mission of evaluating the institutionalization of Public-Private Partnerships a complex one, too.

However, in the past few years, the Egyptian political system seemed to be experiencing some changes whose impact and seriousness remain to be seen. According

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<sup>10</sup> Cabinet of Ministers, Social Fund for Development, Development Report for 1998. Heba: page number?

<sup>11</sup> Dr. Sayed Ghanem, Professor at the Faculty of Economics and Political Science, Cairo University in a lecture organized by the World Bank in Cairo on Governance: Efficiency and Participation  
<http://www.worldbank.org/wbi/mdf/mdf2/proceedings/governance.htm>



to the recommendations of the National Democratic Party annual conference in September 2002, the government has approved implementing a degree of decentralization by which the governorate can mobilize resources outside the budget allocated by the central government and can be granted decision making authorities in the areas of services particularly health and education.

### Research Problem

Although the government in Egypt has always taken exclusive responsibility for delivering public services, a new scenario has been witnessed in the governorate of Alexandria. Upon Governor al Mahgoub's coming to office in 1997, a major movement for reform, upgrade and renovation started. Many of these projects were achieved through the formation of Public-Private Partnerships (PPPs) in which private actors fund public projects. The main questions this thesis answers are how and why these partnerships were created, how far they are institutionalized, what incentives were involved in their creation, what impact each case had in Alexandria and the possibilities for its replication. These questions will be answered through the two case studies presented in this thesis:

The Educational Reform Project: A partnership between Alexandria Development Center, the Governorate of Alexandria, the Ministry of Education, USAID and the British Council for the reform of education in 30 schools in Alexandria through involving the community in running the schools and preparing annual plans for improving the quality of education through adopting new teaching techniques, upgrading the school facilities and training of headmasters and teachers.



The Urban Upgrade Project: A series of partnerships between the Governorate of Alexandria and a number of private companies based in Alexandria for the urban upgrade and renewal of the city through which private companies funded the cleaning services of some neighborhoods, the rehabilitation of buildings, and offered community services such as opening a clinic or building a mosque.

### Objectives

The main objectives are to explain how these partnerships in Alexandria were formed and identify the factors which facilitated the emergence of this pattern of cooperation between the governorate and local community, to determine their level of institutionalization, structure and organization, evaluate their impact and respect for third party rights and the law, and therefore the possibility of its sustainability and replicability and finally to draw policy recommendations from such an experience to improve the performance of such partnerships.

### Hypotheses

There is a process of political change, which not only permitted but also encouraged the emergence of Public-Private Partnerships as a pattern for delivering services, which were exclusively governmental in the past. In the case of Alexandria, the governor's entrepreneurial skills and the sense of belongingness he promotes facilitated the emergence of such PPPs. The educational reform project is more institutionalized than the urban upgrade project according to the institutional theoretical framework used in this



thesis. Also, there is a system of incentives which motivated the private actors to participate in these schemes, whether visible or invisible.

There is no literature written on Public-Private Partnerships in Egypt. Perhaps these topics have not been dealt with academically because of the relative novelty of the experience or because of the difficulty to attempt the evaluation of the experience while those responsible for it are still in office.

The literature reviewed covers experiences in Public-Private Partnerships in Europe and the United States. The literature review defines what a partnership is, sheds light on the background of the emergence of partnerships and discusses the relevance of decentralizing local government from central government for building partnerships between the public and private.

The theoretical framework employs the institutional theory to explain these partnerships and evaluate them. This theory is the most appropriate for our purposes due to the researcher's concern with evaluating the institutionalization of the partnerships, their sustainability and organization. For the theoretical background of key notions and principles of institutions, this thesis refers to the classic writings of Samuel Huntington on continuity, sustainability and the institutionalization of political phenomenon while the more recent versions of the same school as in the contributions by James March and Johan Olsen refers to basic rules of institutions such as the independence of procedures from individual influence and social context. For the evaluation of partnerships in the Alexandria experience, Vincent Kouwenhoven's model that lists primary and secondary conditions for the emergence and functioning of partnerships will be applied. The



theoretical framework also applies the various classifications of several authors such as Pierre, Kelly, Goldenkoff, and Bennett in order to account for each of the case studies.

### Methodology

Because no academic work has been written before on Public-Private Partnerships in Alexandria, this thesis derives some of the information needed first hand through interviews with key actors in the partnerships including the governor as well as community members involved. In conclusion, Egypt has a long history of authoritarianism. The current process of change to relax this authoritarianism has just started. Public-Private Partnerships have not flourished in authoritarian states before. Amid the transitional stage Egypt is witnessing nowadays particularly with decentralization and privatization schemes, this thesis attempts to evaluate the PPP experience in Alexandria, its institutionalization, its future prospects and draw policy recommendations for enhancing the impact and scope of PPP for the provision of better services and community participation at the local level in Egypt.



## CHAPTER II

### LITERATURE REVIEW AND THEORETICAL FRAMEWORK

There is a rich body of literature on the topic public private partnerships (PPPs). However, there is none that addresses PPPs in Egypt, let alone the pioneering experience which has been taking place in Alexandria since the innovative governor General Abdel Salam al Mahgoub came to office in 1997, and thus this thesis makes a new contribution to the subject.

This chapter mainly addresses the evaluation issue in the literature and presents the different types of partnership. Most of this literature discusses experiences of PPPs in the west, notably the US and the UK. The impact of the context will be highlighted while explaining the different context for the PPPs in Egypt as well.

Other significant relevant works address wider issues such as the role of local government, decentralization, government reform and political change, in general. In addition, this chapter presents the theoretical framework used to evaluate the two case studies which took place in Alexandria. This theoretical framework chapter answers the following questions:

How to explain Public Private Partnerships (PPPs)?

What are the various types of PPPs?

What are the incentives that partners expect out of PPPs?

What is the impact of such a way to provide services?



How can we evaluate the PPP experience of Alexandria?

To accomplish the above, we here deal with the theory of institutions as put by classic writers like Samuel Huntington which provides key notions of continuity, sustainability and the institutionalization of political phenomena; the researcher draws upon the more modern version of the theory of institutions as in the writings of James March and Johan Olsen who explain how independent institutions are from individual influence and social context and how rules and procedures constrain behavior.

March and Olsen also provide the *Garbage Can Model* which is a form of less organized institution. In the context of the discussion of March and Olsen's version of institutionalization, the researcher examines their views on the impact of an individual within an institution, how Institutionalized Garbage Cans are and the consequences of ad hoc changes in political life.

In addition to the general institutional framework, the researcher shall apply a set of tools for the evaluation of the PPPs such as the model by Vincent Kouwenhoven and other detailed questions which help us classify PPPs.

The theory of institutions is employed because the researcher deals with partnerships as institutions, not as a phenomenon, out of interest in the sustainability, organization and adaptability of the PPP experience in Alexandria.

Despite the rich body of literature on the topic public private partnerships (PPPs), no published academic work is available yet on PPPs in Egypt or the pioneering experience which has been taking place in Alexandria since the innovative governor General Abdel Salam al Mahgoub came to office in 1997.



It is quite fortunate for the purposes of this thesis to have such relevant works to the topic which will be used in this thesis as a background and applied to an absolutely fresh context: Alexandria.

Most books and articles referred to in this chapter were written between the second half of the 1990's and 2001 which means that the material is up to date. However, that also means that the debate and evaluation of the PPP experiences are still underway.

#### Main Ideas in the Literature And the Egyptian Context

Most of this literature addresses PPP experiences which took place in western democracies, notably the US, Canada and the UK, which is a totally different context from Egypt's. Establishing PPPs in Egypt is a complicated issue for many reasons. Egypt has had a heavily centralized government, a top down traditional management approach and decision making for many decades. The PPP experiences which emerged in Alexandria take place during a transitional stage in which the Egyptian government is gradually implementing an ambitious decentralization scheme approved by the Policies Secretariat of the National Democratic Party in 2002 by which governorates are granted the authority to raise funds, impose taxes and supervise public services such as health care and education. The new cabinet appointed in July 2003 seems to aid this implementation.

The evaluation of Public Private Partnerships is the most important issue raised in the literature. There is not much on evaluation by the partners who participate in Public Private Partnerships. Many authors consider PPPs to be still in their early stages despite



the fact that two decades have elapsed. Even governments have produced a limited number of evaluations of basic aspects of PPPs. The work on evaluation is written by scholars.

A major critique to evaluations is that sometimes it is reduced to description and comparison.<sup>12</sup> However, the fact remains that if we did not describe the new phenomena, the study of political science would be missing significant issues. Description and comparison are basic tools for analysis.

Peters and Savoie argue that it is difficult to explain why some cases of reform have succeeded while others have failed due to the diversity of countries but suggest using three lenses through which we can evaluate reforms: institutions, ideas and individuals. Institutions refer to the structure through which this reform is implemented. Ideas refer to the ideology which accompanies a particular reform as reforms backed by a certain idea are more successful. Individuals refer to the innovative leaders who take initiative to make change such as Margaret Thatcher, Ronald Reagan, Al Gore, and Roger Douglas.

Gavin Drewry, John Hailey and Theresa Tadem emphasize the importance of the personal relationships in a Public Private Partnership. Drewry notes that binding force of PPPs in the UK may not be the contractual obligations as much as political, commercial expediency, moral obligations and trust in partners<sup>13</sup> while Hailey emphasizes the thrust of personal relationships, effective communication, understanding and trust which are equally important as institutional concerns such as uncertain funding, power and control,

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<sup>12</sup> R.A.W. Rhodes. *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Open University Press, Buckingham, 1999, P.79

<sup>13</sup> Gavin Drewry, Stephen Osborne (Ed), *Public Private partnerships: Theory and Practice in International Perspective*, Routledge, London, 2000, p.67.



governance and accountability.<sup>14</sup> Teresa Tadem focuses on micro-level individual relationships in her case study from the Philippines primarily because of the lack of pre-existing legitimate organizational channels between the government and local actors,<sup>15</sup> which sounds similar to the case in Alexandria.

Peters and Savoie argue that the evaluation of reform is also difficult because of the multifaceted nature of reforms which does not allow us to pinpoint which reform facet produced that effect. Also when a management or administration reform is taking place, other reforms, particularly political reforms are taking place at the same time. If we evaluate a reform in a simple way by measuring identifiable effects against goals, then this way misses unintended effects because it is not searching for them.<sup>16</sup>

Along the same lines of difficulty related to evaluation, Stephen Osborne draws our attention to the fact that PPP's are a "divergent phenomenon". PPPs vary according to the theoretical body used to evaluate them, the kind of partners participating; government, businesses, voluntary organizations, etc and the impact each PPP has in its part of the world. In his conclusion, Osborne does not recommend a particular theory for examining PPPs. He rather provides an assortment of theories and concepts and invites researchers to draw their own conclusions.<sup>17</sup> Osborne also argues that each actor in a partnership has a different opinion on its purpose, operation and structure which leaves partnership as a varied and ambiguous concept.<sup>18</sup>

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<sup>14</sup> John Hailey in Stephen Osborne, *Public Private Partnerships: Theory and Practice in International Perspective*, Routledge, London, 2000, p. 320.

<sup>15</sup> Teresa Tadem in Stephen Osborne, *Public Private Partnerships: Theory and Practice in International Perspective*, Routledge, London, 2000, p.187

<sup>16</sup> Guy Peters and Donald Savoie. *Taking Stock: Assessing Public Sector Reforms*. McGill-Queen's University Press, 1998, p.7.

<sup>17</sup> *ibid*, p.3

<sup>18</sup> Ronald McQuaid. "The Theory of Partnership- Why have Partnerships?" Stephen Osborne (ed). *Public Private Partnerships: Theory and Practice in International Perspective*, London, 2000, p. 12



In terms of the type of partnerships, Osborne criticizes the type of formal partnerships bound by legal contracts widespread in the US which sometimes ends up in "a bureaucratic paper chase"<sup>19</sup>.

To support reforms at the local level, Musa Al Hawiti argues that local government must be granted legislative and executive prerogatives to mobilize resources as the local financing of projects will boost the citizen sense of ownership and force them to maintain these projects, contribute with technical and financial capabilities towards these projects and be more receptive to policies and decisions at the local level.<sup>20</sup>

As for the reasons why Public Private Partnerships are established, William Colman argues that the economic situation is a common reason. In the US, PPPs started after World War II but it did not flourish until the 1980s when the federal role in assisting state-local activities decrease was accentuated during the Reagan administration. The economic situation seems to be the reason behind the urgency for this kind of collaboration.<sup>21</sup> Peters argues that reforms are driven by the need to cut budget and find sources of finance lead to innovative changes in the Public sector in order to continue service delivery, such as PPP for example<sup>22</sup>. Rubin confirms that tight budgets and economic problems are periods for privatization and PPP to flourish.<sup>23</sup>

Bennett agrees with this view and finds that PPPs are driven by major worldwide trends in the 1990s: market liberalization and globalization, decentralization of decision making to beneficiaries, privatization, technological advances, emphasis on

<sup>19</sup> *ibid*, p.16

<sup>20</sup> Musa Al Hawiti. "Al Tamweel al Mahhali " (Local Financing) in El Sayed Ghanem. *Al Siasah wal Nizam Al Mahhali fi Misr*. (Politics and the Local System in Egypt) Center for Political Research and Studies, Faculty of Economics and Political Science, Cairo University, Cairo, 1995, p. 466.

<sup>21</sup> Colman, William. *State and Local Government and Public-Private Partnerships- A Policy Issues Handbook*. Greenwood Press, New York, 1989, p. 173

<sup>22</sup> Guy Peters, "With a little help from our friends: Public-Private Partnerships as Institutions and Instruments' Jon Pierre (ed) *Partnerships in Urban Governance: European and American Experiences*, Palgrave, 1998

<sup>23</sup> Irene Rubin. Guy Peters and Bert Rockman (ed) *Agenda for Excellence: Administering the State* chatham, NJ, 1996, p.112.



environmental sustainability and fiscal discipline<sup>24</sup>. McCarney describes urban politics as not well understood and also under researched. She emphasizes the need to consider the changing role of the local government in the area of urban politics and integrate studies on decentralization, governance and democratization.<sup>25</sup>

But another question is why the private sector seems keen to participate in PPPs. In a study conducted in the UK on incentives in a PPP project, some interviewees said they expected a direct business benefit, some said they wanted to collect information which would lead to business opportunities while others said that they hoped for the chance to lobby for their own interests, be part of a successful project or wish to contribute time, money or effort<sup>26</sup>. I.e. Incentives can be classified to direct business incentives, indirect business incentives or non business incentives.

Types of Public Private Partnership include:

- 1-Public organizations funding private projects
- 2- Private organizations funding public projects
- 3- User Based Financing (UBF) by which beneficiaries of a certain project or service directly finance it through taxes, service fees, etc<sup>27</sup>.

The first type of PPP raises questions of accountability as to whether the government when contributing money towards a private activity risks a conflict of interest with the partner company in a future regulatory or other context. The second type raises questions as to whether private financing of traditionally public services

<sup>24</sup> Anthony Bennett. "Sustainable Public-Private Partnerships for Public Service Delivery", Natural Resources Forum, vol. 22, No. 3, 1998, p. 193.

<sup>25</sup> Patricia McCarney (Ed) Cities and Governance: New Directions in Latin American, Asia and Africa, University of Toronto Press, 1996, P.3.

<sup>26</sup> Benington, John. "New Paradigms and Practices for Local Government: Capacity Building within Civil Society" Eds. Sebastian Kraemer and Jane Roberts. The Politics of Attachment: Towards Secure Society (Free Association Books, London, 1995, p. 152.

<sup>27</sup> William Colman, State and Local Government and Public-Private Partnerships—A Policy Issues Handbook, Greenwood Press, NY, 1989Ibid, p. 131.



corrupt the government into giving special favors in return to the contributor.<sup>28</sup> UBF, the third type of PPP, was not implemented in Egypt yet but may be implemented later under the new decentralization scheme which allows the governorates to mobilize funds and impose taxes autonomously from central government.

### The Institutional Framework

As the central question surrounding the PPP experience in Alexandria is whether it is institutionalized or not, institutionalization must be defined first. For Huntington, to be institutionalized is "to be regularized, stable and sustained". Moral consensus and mutual interest is another element for the maintenance of community in a complex society.<sup>29</sup>

The level of institutionalization of any political system can be defined by the adaptability, complexity, autonomy and coherence of its organization and procedures. However, the adaptability of an organization can not be confirmed as long as the first set of leaders who created these procedures are still the ones performing them.<sup>30</sup> Huntington's classic work on institutions draws our attention to the difference between a social force and an institution and emphasizes the presence of institutions in order to call a society a community<sup>31</sup>.

Complexity of institutions is important because it reflects the adaptability for change. The simplest political system is that which depends on one individual and is also the least stable. Another characteristic of highly institutionalized political systems is that

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<sup>28</sup> Ibid, P. 145.

<sup>29</sup> Samuel. Huntington. *Political Order in Changing Societies*, New Haven: Yale University Press, 1968, p.10

<sup>30</sup> Ibid, p.14

<sup>31</sup> Ibid, p.9



leaders in top level positions are trained in lower levels in the same field. As the top positions of leadership represent the inner core of a political system, having a variety of organizations in a complex system in which individual leaders are prepared for their positions adds to the autonomy of this system.<sup>32</sup> Huntington emphasizes that societies undergoing social change witness the emergence of new groups which arise to participate in political life. Where the political system lacks autonomy, these groups gain entry into politics without becoming identified with the established political organizations.<sup>33</sup>

March and Olsen represent the modern trend of the institutionalization theory. They use institutions to explain stability and change in political life.<sup>34</sup> They argue that they do not deny the importance of both the social contexts of politics and the motives and influence of individual actors but they strongly believe that institutions have an independent role from these motives and influences and therefore institutional analysis is capable of explaining political phenomena.

But institutions are not either institutionalized or not. In fact, March and Olsen explain that some forms of institutions qualify for minimal institutionalization. The *Garbage Can Model* is based on the substitution of temporal sorting to the consequential sorting. It is the least form of organization. Garbage cans are highly contextual combinations of people, choice, opportunities, problems and solutions<sup>35</sup> in which the course of events depends less on the organization or institution and more on the "happenstance" of short-run political attention which is not easy to control.<sup>36</sup> Problems

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<sup>32</sup> Ibid, page 21

<sup>33</sup> Ibid, page 21

<sup>34</sup> James March and Johan Olsen. Rediscovering Institutions: The Organizational Basis of Politics, The Free Press, New York, 1989, p.16

<sup>35</sup> Ibid, p.80

<sup>36</sup> Ibid, p.81



and solutions may be ambiguous in this model which makes evaluation difficult<sup>37</sup>. In this model, "problems, solutions, decision makers and choice opportunities are seen as coming together as a result of being simultaneously available. The linkages among them are assumed to be understandable as the consequence of the autonomous time independent flows of problems, solutions and decision makers into choice arenas".<sup>38</sup> However, decisions in a garbage can situation are not random but occur in a context of beliefs and norms that produce a systematic bias.<sup>39</sup>

Institutions can be seen as the intermeshing of three levels: individuals, institutions and the environment i.e. collection of institutions.<sup>40</sup> By providing a structure of routines, roles, forms and rules, political institutions organize a potentially disorderly political process. By shaping meaning, political institutions create an interpretive order within which political behavior can be understood and provide continuity, a perspective of institutional stability and coherence<sup>41</sup>

While the institutional theory of March and Olsen does not deny the significance of the social context of politics and the influence of individual actors, institutions are politically independent. They are affected by society and they affect it as well.<sup>42</sup> However, institutions are independent of the individual actors who execute them and are capable of surviving considerable turnover in individuals. There is no reason to believe that the individual goals of change are consistent with requirements for institutional survival. Sometimes the individual has different requirements for change from the

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<sup>37</sup> Ibid, p.82

<sup>38</sup> Ibid, p.12

<sup>39</sup> Ibid, p.29

<sup>40</sup> Ibid, p.57

<sup>41</sup> Ibid, p.52

<sup>42</sup> Ibid, p.17



institution itself.<sup>43</sup> The institutional routines are supposed to be followed even when they do not serve the interests of the person responsible to do so. The conformity to rules is what distinguishes political institutions.<sup>44</sup> Action taken by political actors is seen as the matching of a situation to the demands of a position and in this way the rules determine the behavior to be followed.<sup>45</sup>

Although theories of institutions are classics to explain PPPs, Olsen and Peters argue that they only explain part of the facts whereas situational factors give the specifics and explain timings of changes and reforms. They play a major role when there is a perception of a crisis in government or public bureaucracy such as federal deficit in the US, economic problems in Australia or perceived failure in Japan. The opposite is also true: if the government is thought to be doing well like in Germany and Switzerland, reform is resisted.<sup>46</sup>

Political institutions reflect a routine, a repertoire of procedures, rules and a code of appropriate behavior.<sup>47</sup> By rules, they mean, "the routines, procedures, conventions, roles, strategies, organizational forms and technologies around which political activity is constructed. And also the beliefs, paradigms, codes, cultures and knowledge that surround, support, elaborate, and contradict those roles and routines."<sup>48</sup> These routines may be procedural rules specifying a process that is to be followed under certain circumstances or decision rules explaining how inputs can be converted into outputs or evaluation rules specifying criteria for assessing results. Rules may regulate the

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<sup>43</sup> Ibid, p.58

<sup>44</sup> Ibid, 22

<sup>45</sup> Ibid, p.23

<sup>46</sup> Johan Olsen and Guy Peters. Lessons from Experience : Experiential Learning in Administrative Reforms in Eight Democracies, Oslo: Scandinavian University Press, 1996, p.29.

<sup>47</sup> Ibid, 21

<sup>48</sup> Ibid, p.22



allocation of authority and responsibility, record keeping and information gathering and handling. They may regulate the changing of rules.<sup>49</sup>

March and Olsen explain that despite following the rules, institutions are not perfect organizations. Rules are codified to some extent but the codification is often incomplete and inconsistencies are common. As a result, compliance with any specific rule is not automatic. But the application of these routines does not make institutions rigid, insensitive or stupid.<sup>50</sup> The criterion is appropriateness but determining what is appropriate in a situation is still a controversial issue. This is why the rules of an institution also regulate the process of change.

From the above, it becomes clear that following rules is not a simple procedure. Calling an activity or partnership institutionalized does not necessarily mean that it is appropriate or efficient. In that case, being institutionalized means that it is sustainable, stable and not influenced by the individual leaders –to a relative degree and that we have an organized framework for analyzing this experience.

The fact that institutions encode experience into standard operating procedures and rules does not mean these rules are not necessarily good ones, least of all indefinitely.<sup>51</sup> Good sense is not guaranteed. Adjustment periods may be required during which conflicting and inefficient solutions survive.<sup>52</sup> In the case where rules do not exist or are not respected, this should make analyzing the performance of the organization and the evaluation of the level of its institutionalization more difficult.

R.A.W Rhodes reviews some of the criticisms on the institutional theory. The methods of the institutional theory are institutional-descriptive, formal-legal and

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<sup>49</sup> Ibid. 22

<sup>50</sup> Ibid, p.24

<sup>51</sup> Ibid, p.54

<sup>52</sup> Ibid, p.55



historical-comparative. "It seeks to explain the relationship between structure and democracy and the ways in which rules, procedures and formal organization succeed or fail in constraining political behavior" Rhodes defends the theory by arguing that it is not important if the analysis follows traditional descriptive lines because of the very little information we have about some of the most important national and local institutions.<sup>53</sup> He adds that many operations in these institutions have never been described—at least not adequately and even if they have been studied before, describing them from a different perspective can still be of great benefit to the study of political science.<sup>54</sup>

Although Rhodes considers the institutional approach to be "one of the central pillars of the study of politics" and a widely practiced one in British politics. He says that it is sometimes practiced with "an apologetic air" because "it is a subject in search of a rationale" He argues that the rationale should be a multi theoretic approach implementing a collection of research methods.<sup>55</sup>

Before embarking on the task of formulating an evaluation model, we need to discuss first why and how these partnerships have evolved and how to define a partnership. The definitions used reflect the fact that we deal with partnerships as institutions and organizational structures.

Public Private Partnerships were driven by major worldwide trends in the 1990's:  
1) Market liberalization (globalization and deregulation), 2) decentralization of decision

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<sup>53</sup> R.A.W.Rhodes. *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Open University Press, Buckingham, 1999, P.79

<sup>54</sup> *ibid*, p.80

<sup>55</sup> *ibid*, p.79



making, 3) privatization, 4) rapid technological strides. 5) Increasing emphasis on environmental sustainability and 6) fiscal discipline.<sup>56</sup>

In the UK and in many other western countries, the fact that finance and public services are increasingly provided by the private sector through PPP's, result in a greater participation in policy making and more transparency in the exercise of governmental power.

### Types of Partnerships

There are many ways to classify partnerships. Some classifications take into account the decision making structure while other classifications measure the financial contribution to the partnership or its formality of the relationship between partners or the respect of third party rights, etc.

Partnerships can be divided into types in which beneficiaries participate in the design and monitoring of projects versus partnerships in which one party manipulates decision making, planning and the implementation of the project while the other party only provides the financing for this project, types which provide the process and mechanism for consultation between public and private parties on government policies and procedures through joint committees or councils, etc and more formalized types such as joint investment, joint ventures, lease of government facilities and government support for selected NGOs<sup>57</sup>. Kelly adds to these, private finance initiatives (PFI), and contracting out of services.<sup>58</sup>

Goldenkoff classifies partnerships differently. He classifies partnerships into

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<sup>56</sup> Anthony Bennett, "Sustainable Public Private Partnerships for Public Service Delivery", *Natural Resources Forum*, Vol.22, No. 3, p.193

<sup>57</sup> Ibid

<sup>58</sup> Gavin Kelly. "Providing Public Services: How Great a Role for PPPs?" *New Economy*, Vol. 30, No. 5, p.132.



1. commercial activities with financial incentives i.e. monetary profits,
2. commercial activities with voluntary incentives such as businesses becoming good corporate citizens while gaining free advertising and publicity,
3. inherently governmental activities with voluntary incentives which means no profits for either party and;
4. Inherently governmental activities with financial incentives where a private partner provides a public service for a fee.<sup>59</sup>

In addition to the general discussion of institutionalization and the issue of sustainability, Anthony Bennett focuses on the issue of sustainability of partnerships and defines it as the ability to continue without drawing on stocks of physical capital, human capital or natural capital so as to meet current needs without compromising the ability of future generations to meet their needs. He also emphasizes the social and financial sustainability of partnerships. By social sustainability, he means the participation of beneficiaries and operators in project design while financial sustainability refers to benefits exceeding costs for each partner<sup>60</sup> in addition to the "project's viability on a stand alone basis".<sup>61</sup>

To ensure the social sustainability of a PPP, Anthony Bennett argues that the long term commitment and willingness of all stakeholders to play mutually agreed roles in the management of an activity or project in addition to the importance of selecting the appropriate implementation agencies.<sup>62</sup>

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<sup>59</sup> Robert Goldenkoff, "Opportunities and Challenges of Public/Private Partnerships", *The Public Manager*, Fall 2001, p.31  
<sup>60</sup> Anthony Bennett, "Sustainable Public Private Partnerships for Public Service Delivery", *Natural Resources Forum*, Vol.22, No. 3, p.193  
<sup>61</sup> *Ibid.*, p.197  
<sup>62</sup> *Ibid.*, p.196.



Bennett also emphasizes that ex ante social assessments to ensure that project designs are socially viable and sustainable should be the norm in project feasibility studies just like environmental impact assessment (EIA) have become the norm to ensure the environmental sustainability of a project and to ensure that decisions are made in line with the public interest. Although, people expect more decisions from government that does not necessarily mean a larger role for the government in service delivery.<sup>63</sup>

For Pierre, governance rests on process, values and institutions. In order to study governance, he suggests we take into account factors such as the distribution of political power between public and private actors, the potential for synergy in collective action, and the empowerment and inclusion of civil society into the spheres of the public policy process. Accordingly, governance is concerned with the *process of interaction* between state and civil society and the implications of this interaction between these two actors whereas the theory of institutions is concerned with the *degree of institutionalization* of these mechanisms for interaction between them. So our mission according to this view will be to clarify the role of government in the process of governance. Governance treats government and institutions as a variable, rather than a parameter whose influence and powers are treated as givens.<sup>64</sup>

In terms of the definition of partnership, there is no agreement among political scientists on how to define it. However, this has not stopped actors in the political sphere from taking part in kinds of arrangements that they believe constitute partnership according to any reasonable definition of the term.<sup>65</sup>

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<sup>63</sup> William Colman, *State and Local Government and Public Private Partnerships—A Policy Issues Handbook*, Greenwood Press, NY, 1989, p.150

<sup>64</sup> Pierre, p.6

<sup>65</sup> Guy Peters. "With a Little Help from Our Friends: Public-Private Partnerships as Institutions and Instruments" Jon Pierre (ed.) *Partnerships in Urban Governance: European and American Experiences*, Palgrave, 1998 p.11



Guy Peters argues that these partnerships can be studied as examples of institutions, organizations and policy instruments. Peters emphasizes the fact that each participant transfers some resources whether material or not to the partnership, whether obvious such as money or land or unobvious such as authority or other symbolic value. He also draws our attention to the fact that they share responsibility for the consequences of their activities which makes accountability for decisions divided between the two and uneasy to pinpoint. In some relationships, even continuing ones, the public sector controls policy decisions after consulting with the private sector. In this case, Peters explains, these are separate structures and not bargaining relationships<sup>66</sup>

According to Peters, to have a partnership, a minimum of two actors is needed for a partnership, one of which must be public. Second, each of these actors must be a principal, meaning that it has the authority to negotiate, rather than having to refer to other sources of authority for decision-making which is necessary to allow the actors adequate scope for action.<sup>67</sup>

Third, an important defining characteristic of a partnership is the endurance of the relationship between actors, the continuity of interaction and the agreement on the parameters of this partnership from its beginning. In the case government deals with the same actor without a prior agreement or a planned activity, this can not be called a partnership. Fourth, each actor should contribute some resources to the partnership, regardless of material or immaterial. Resources may include visible contributions like money or land while invisible contributions may include authority or symbolic values which usually come from the public actor. The fifth and last condition is that actors

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<sup>66</sup> Ibid, p.13

<sup>67</sup> Ibid, p.12



should share the responsibility for the outcomes of their partnership. Sometimes however, government has the final say over policy decisions after consulting with the private sector while other times, public and private actors share the responsibility of these policy decisions which makes it difficult for central government as well as average citizens to pinpoint exactly who is accountable for what.<sup>68</sup>

In terms of classifying the different types of partnerships, Guy Peters distinguishes between partnerships that are comprised of two partners or more as partnerships which involve more than two partners are more complex.

Another distinguishing feature is the formality of the partnership. Although most partnerships which fulfill the above conditions are formal and stable, sometimes less formal partnerships can achieve the same results. Those less formal partnerships are what Peters call "gentlepersons agreement" among leaders. However, he warns that these types of agreements may not be effective after the persons who forged it leave office. How formal the partnership is also related to how much power partners have and how politicized their agreements are. Highly politicized agreements are expected to be less formalized.<sup>69</sup>

Because Public Private Partnerships are still considered a relatively new form of service delivery, there is no certain theory or evaluation model on the subject which scholars agree on. Gavin Kelly notes the difficulty of the topic due to the new and varied forms of PPPs and general way in which the terms partnerships can be used and the lack of publicly available data on the amounts of expenditure going through partnerships which makes it difficult to estimate the significance of PPPs across the different sectors

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<sup>68</sup> Ibid, p.13

<sup>69</sup> Ibid, 14



of public service.<sup>70</sup> In addition to this, because public private partnerships vary in their structure, objectives and implementation, it is difficult to produce a model that can be applicable to all kinds of partnerships. However, besides the above discussion of the institutional theory which addresses the institutionalization of rules, processes and procedures through which we can consider PPPs to be institutionalized, there is a number of basic principles that stand out in the literature on the subject which must be met in order to call a partnership successful, viable and institutionalized.

### Evaluation Model and Tools

Vincent Kouwenhoven has a classification of the essential conditions for the emergence, existence and successful functioning of PPPs. Kouwenhoven finds the contribution of inter-organizational theory to the understanding of the functioning of networks quite disappointing particularly that this contribution is based on a limited number of case studies, which makes it hard to generalize upon. A number of research reports focused on organizational, financial and political-administrative aspects of PPPs. Kouwenhoven follows an explorative research approach which builds on a number of previous researches. His conditions are considered applicable to all variations of PPPs which draws our attention to the fact that these are "minimum conditions" for considering a PPP successful. This means that despite the importance of having a general model to

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<sup>70</sup> Gavin Kelly. "Providing Public Services: How Great a Role for PPPs?" *New Economy*, 2000, p.132.



measure against, there are specific characteristics and circumstances that must be carefully examined when looking individually at each case.<sup>71</sup>

The financial aspect is considered one of primary importance in the study of PPPs. How costs, risks and returns are divided and the financing of the project explains much about the nature of the partnership. However, often this distribution is unequal. It remains important to clarify who will pay what and when and how profits will be shared. It is important to mention that in most of the literature on PPP experiences in the west, concern is expressed regarding public funds used in private sector projects and the corruption which ensues on behalf of these private sector entrepreneurs to get the funds in the first place and how these public funds are used whereas in Egypt, it is the private sector which funds public services or projects. This raises concern about what kind of corruption goes on in the backstage or special treatment at the least that local government gives to the donors of these private funds.

As for the political-administrative responsibilities involved in a PPP, there is always a concern regarding government participation in such PPPs, the legality of government action and the responsibility to guarantee that democratic duties are observed, public interest protected, particularly the rights and interests of third parties. According to Kouwenhoven, "the involvement of third parties may incur or prevent appeal procedures".<sup>72</sup>

The conditions for the emergence of PPP considered *primary start conditions* are interdependence and convergence of objectives. Kouwenhoven explains that the growing interdependence between governments and businesses accounts for the rise of PPPs at the

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<sup>71</sup> Vincent Kouwenhoven. "The Rise of the Public-Private Partnership: A Model for the Management of the Public Private Cooperation" Jan Kooiman (Ed) *Modern Government-Society Interaction*, Sage, London, 1993, p.124

<sup>72</sup> *Ibid*, p.124



macro level but that although meeting this condition is essential, it is not sufficient. By the convergence of objectives, he does not refer to both parties having identical objectives but he rather means that at least these objectives are not considered contradictory.

Another set of conditions are the *secondary start conditions* (also referred to as linking mechanisms) which are the presence of a network and the presence of a broker. By the presence of a network, reference is made to the opportunity for the various parties to meet informally and have open communication and consultation. If this network does not exist, a broker can take up the role of intermediary between the two parties. It is preferable that this broker is independent of both parties. In the case of Alexandria, the governor, the Alexandria Development Center played this role.

*Process conditions* are mutual trust, un-ambiguity and recording of objectives and strategy, un-ambiguity and recording of the division of costs, risks and returns, un-ambiguity and recording of the division of responsibilities and authorities, phasing of the project, prior agreement on ways of conflict regulation, legality, protection of third parties interests and rights, adequate support and control facilities, business and market oriented thinking and acting, internal coordination, adequate project organization.

According to this model, trust works like a lubricating oil in complex cooperation relations like PPPs as it brings about respect and flexibility while laying down interests, objectives, division of responsibilities is also recommended for the achievement of these objectives. The phasing of the project ensures its continuity and creates good administrative possibilities.



"A PPP can not be called successful if it is beyond the pale of the law"<sup>73</sup> which does not refer to the formal sense of respecting the law only but also the protection of the common interest as government must weigh the interests which it would serve against the interests of other people and organizations whether directly or indirectly.

The model also emphasizes good internal coordination from the government's side and good project organization from the private sector's side to control the efficiency and effectiveness of a PPP, regardless of the exact structure.<sup>74</sup> It is recommended to appoint an independent project leader who would have far-reaching authorities with regard to coordination of activities. Contrary to start conditions, Kouwenhoven argues, process conditions are not sine qua non s but they are still considered important factors for the success of the PPP.

Gavin Kelly stands back from the detailed debates on public private partnerships and is more concerned with the examination of the impact the growing use of PPP's will make on the public private settlement in the provision of services and the reasons why policy makers are keen to use it.<sup>75</sup> Although his point is very well in place, how partnerships come to being and how they are formulated, how partners are selected explains much of how projects are executed, how policies are made and how successful these PPPs are. The positive impacts include allowing the private sector to fill the budget gap, benefit from the support of local groups for public problems and acquiring credibility due to the involvement of constituents in addition to giving citizens a sense of belongingness towards the projects taking place in their community and improving the efficiency and responsiveness of services provided locally due to the participation of

<sup>73</sup> Gavin Kelly. "Providing Public Services: How Great a Role for PPPs?" *New Economy*, 2000, p.132.

<sup>74</sup> Vincent Kouwenhoven. "The Rise of the Public-Private Partnership: A Model for the Management of the Public Private Cooperation" Jan Kooiman (Ed) *Modern Government-Society Interaction*, Sage, London, 1993, p. 126

<sup>75</sup> Gavin Kelly. "Providing Public Services: How Great a Role for PPPs?" *New Economy*, 2000, p.132.



service recipients.<sup>76</sup> The negative impacts are the lack of legality of some projects, the lack of institutionalization of some PPPs and the lack of accountability and transparency.

As we have seen, Huntington's institutionalization addresses concepts such as autonomy, integrity versus corruption, recruitment of leaders while March and Olsen's version of institutionalization focuses on the actual dynamics of decision making in an organization, particularly the rules followed and the procedures applied and the fact that rules and procedures stand autonomous from the leaders on the top of institutions. Although the two schools of institutions clearly focus on different issues, they do not contradict each other, they complement one another. Accordingly, the researcher here uses the literature on theories to form a new theoretical framework. The researcher uses Huntington's concepts of sustainability, autonomy and adaptability, the decision making rules explained by March and Olsen in addition to the Model by Kouwenhoven which stipulate primary and secondary start conditions and process conditions in addition to trying to apply the different classifications by different authors to the PPPs under study in order to examine issues such as the respect of third party rights, social sustainability and the protection of the environment and the financial contribution by each of the partners, etc.

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<sup>76</sup> Robert Goldenkoff. "Opportunities and Challenges of Public/Private Partnerships", *The Public Manager*, Fall 2001, p.33



## CHAPTER III

### CASE STUDY 1: THE EDUCATIONAL REFORM PROJECT

This partnership involves the Governorate of Alexandria and the Ministry of Education and the Alexandria Development Center (ADC), USAID and the British Council\*. The main objective of this PPP is to improve the quality of education in selected public schools through decentralized and improved management of schools, increased involvement of the community and training principals, headmasters and teachers. The theory of institutions will be used for analyzing this case study. Based on the level of institutionalization, planning and organization, the impact of the partnership, the number of beneficiaries and their involvement, the contribution of each partner and the possibility of replicating this partnership, the project is considered a successful example of PPPs.

#### The Quality of Education in Egypt

Education in Egypt has always been a free public service in Egypt. For the first time, however, there is a Public-Private Partnership for implementing educational reform in selected public schools in Alexandria. The primary goal of this PPP has been to improve the quality of education in public schools in Alexandria; hence the educational reform project was created.

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\* In this chapter, a broader definition of the term PPP is used in order to refer to state and non-state actors.



Although in quantitative terms, education in Egypt in the recent years has recently been improving in general, the quality of education remains poor. The President recently said, "We have to honestly admit that the final educational product in Egypt still needs significant development and modernization in order to achieve the quality and efficiency desired"<sup>77</sup>. Quantitative improvement here refers to the fact that the number of children enrolled in primary schools in Egypt now approaches the international figures and to the increase in the number of schools.

The poor quality of education in public schools is borne out by the following facts: Most children, who finish primary school, proceed to preparatory school but only fifty percent of them go to secondary school. Seventy percent of children in Alexandria go to two shift schools, which reduces the duration of classes and curtails extra-curricular activities. Also the number of children per class is so large that educational standards are compromised as evidenced by the large number of pupils who resort to taking private lessons in order to achieve satisfactory results, etc. Another major problem is that the drop outs (and sometimes even graduates) lack basic literacy and numeracy skills.

As for the decision making process concerning education, it is "extremely centralized."<sup>78</sup> All decisions pertaining to funding are made in Cairo at the ministries of administration development, finance and education. All decisions related to remuneration, promotions, appointments and pensions are governed by the state's civil servants regulations. The ministry of administration development has to approve appointments and the ministry of finance has to approve financial allocations for education then the Ministry of Education distributes these allocations among the various

<sup>77</sup> "Message from President Mubarak with new thought and vision for education", *Al Ahram* 10 September 2004

<sup>78</sup> Zeinab Abdel Razek, "A New Educational system.. Can it Save Education in Egypt", *Al Ahram*, 10 September 2004



Governorates. Under the supervision of the Authority for Educational Buildings, the construction of new schools is the largest item in the education budget followed by teachers' and administrators salaries. There remains a very little sum at the disposal of the Ministry of Education to be distributed to the Governorates. At school level, the budget available to headmasters is small and their administrative authority is limited to hiring and dismissing teachers. Even transferring a teacher from one school to another within the same district is controlled by the director of that educational district and transferring a teacher from one district to another requires the approval of the under secretary of the Ministry of Education in the Governorate.

Regarding the status of education in Alexandria, a small urban Governorate, it suffers from scarcity of land to build new schools. Therefore, 65% of Alexandria's schools work two shifts with large numbers of students in each class. Most teachers in Alexandria hold university degrees and are well trained and qualified to teach. However they concentrate on teaching for the exam. They tend to overstress memorization skills and the achievement of high scores on exams, rather than grasping the material taught. The large number of students in class makes it easier to teach that way. Most teachers have not been trained to deal with large numbers of students in class. They lack the techniques to motivate students to interact and participate.

This educational reform project was established in order to improve the quality of education in 30 schools in poor areas in Alexandria, as a start. The poor quality of education, the heavily centralized decision making process and the shortage of funds are the main concerns of the second case study presented in this thesis.

The main partners in the Public-Private Partnership in education are five:



1. The Ministry of Education
2. The Governorate of Alexandria
3. The Alexandria Development Center (ADC)
4. The USAID
5. The British Council

This Educational Reform Project is the result of ADC's initiative. With ADC's planning, this project grew into a multilateral partnership. ADC was founded by Mr. Rashid Mohamed Rashid\*, one of the successful and active businessmen in public life in Alexandria and Egypt and CEO of Unilever Mashreq.

In an interview with Mr. Rashid, he explained that "the role of ADC is to serve like a 'Think Tank' for the Governorate. In order to have effective development projects, we need to study and plan for each project before it is implemented. The Governorate does not have the capability or the expertise needed to conduct such studies. But we leave the implementation of the results of the studies to the Governorate"<sup>79</sup>

According to one of its brochures, Alexandria Development Center is a non-profit non-governmental organization which develops, plans and mobilizes resources for the regional development and revival of Alexandria in order to enhance its economic conditions and quality of life.<sup>80</sup>

The main objectives of the ADC are initiating long term studies to guide and inspire the economic, cultural, human resource and environmental activities in the city until the year 2022 and developing and promoting short and medium term plans to improve

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<sup>79</sup> Interview with Rashid M. Rashid, Unilever Mashreq headquarters, Alexandria, January 22, 2003

<sup>80</sup> Objectives of ADC document published by ADC



conditions in the areas of infrastructure, economic and investment activities, human development and cultural activities.<sup>81</sup>

ADC's activities also cover a wide range of topics of importance to the city's development which include port development, land reclamation and the expansion of Alexandria's coastline, traffic and transportation study, the restoration of Antoniadis' Palace, the upgrading of Alexandria's infrastructure for the promotion of business opportunities, upgrading of government hospitals and health and educational reform.<sup>82</sup>

This case study focuses on the educational reform project. The purpose of this project is to demonstrate with a representative group of schools in the two districts that a better quality of education can be delivered at no additional cost to the Ministry of Education through increased community involvement and the establishment of committees at three levels, improved decentralized management through policy and procedure changes and enhanced training for teachers and headmasters.<sup>83</sup>

Although ADC is a think-tank concerned only with studying projects, ADC has taken the initiative to present the Educational Reform Project to the Governorate of Alexandria, which in turn submitted it to the Ministry of Education, and the latter welcomed it. Shortly after its inception, the USAID joined the project and agreed to fund the construction of 20 schools whose locations and construction plans are undertaken in coordination with the Educational Buildings Authority in Alexandria as part of the USAID school building program. The British Council Development Department was the last member to join the project. The British partners' contribution will be to provide

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<sup>81</sup> *ibid*

<sup>82</sup> ADC Projects Update document published by ADC.

<sup>83</sup> Summary Education Reform Project document published by ADC.



expertise to their Egyptian counterparts in the area of educational reform.<sup>84</sup> The project has also benefited from coordination with the British government. Moreover, the British Council has funded the participation of a British expert to evaluate the educational system in the selected schools.

ADC thus participates in the implementation and promotion of the project and its activities, builds support for it at the local level within the Alexandria society, Alexandria Governorate and the Ministry of Education and at the international level with the British council, the British government and USAID and, most importantly, acts as a broker between partners.

ADC's executive manager, Nadia El Nokrachi, explained that USAID has also provided funds for the various kinds of teacher training.<sup>85</sup> ADC Committed \$ 1000,000 to support the initiative. Leading businessmen have donated 100 computers in addition to \$ 55, 000 to the pilot schools and will finance the construction of one of the new schools. An independent educational reform fund has been established to support the qualitative improvement and augment teachers' compensation.<sup>86</sup> Other activities are funded through the mobilization of resources from and/or through the 18 members of the ADC.

According to Rashid, ADC has not faced any significant problems in implementing the educational reform project. He says, "The minister of education is understanding but the only problem the project faces is in fact the resistance of some of the middle-level administrative staff at the ministry who are reluctant to give away part of their decision-making authority. That needs patience because they are not used to the new system

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<sup>84</sup> Al Ahran, "Al Mahgoub discusses in London ways to benefit from British Expertise for the development of Education in Alexandria" 9 January 2003, p. 28

<sup>85</sup> Interview with Nadia El Nokrachi, Executive Manager of ADC, February 2003, Alexandria.

<sup>86</sup> USAID press release, 14 May 2003, [www.usaid.gov](http://www.usaid.gov)



which we are introducing. It will take some time for them to accept our changes. Actually their resistance is expected.”<sup>87</sup>

#### Goals of the Project

- 1- Improving the quality of education for 800,000 students in Alexandria
- 2- Changing the ways and techniques schools are run
- 3- Introducing decentralized management at the Governorate, district and school levels
- 4- Promoting community participation in monitoring school performance.

In order to decentralize management, the minister of education agreed to devolve special authorities to Governor Al-Mahgoub, who then empowered the Education Advisory Committee and local boards of trustees to take decisions at their levels. Accordingly, schools were allowed to conduct fund-raising and to collect school fees. In both cases, funds were used to target priorities set by school administrators and boards of trustees.<sup>88</sup>

- 5- Increasing local contribution to and community involvement in schools

6- Training of teachers, headmasters/headmistresses and staff members, which includes a large variety of skills. The program started with basic management and leadership skills, preparation of school improvement plans, team building, community mobilization and English language and computer skills. Later, programs also included teaching skills, administrative, organizational and communication skills. So far, 2500

<sup>87</sup> Interview with Rashid, Unilever Mashreq headquarters, Alexandria, January 22, 2003

<sup>12</sup> "USAID's Chamberlain Views Alexandria's Education Progress" 4 November 2003, <http://www.usaid-eg.org/arabic/detail.asp?id=345>



teachers, 300 principals and headmasters/misresses and school administrative staff members have participated in these training courses while 2600 teacher, principal and headmaster/mistresses have been sent to the US to receive training at the University of Pittsburgh in decision making skills and preparation of rules and regulations<sup>89</sup>.

7- Reducing student absence rates

8- Increasing extra-curricular activities

The duration of the project is 9 years covering 60 schools, with the first stage covering 30 schools in four years-from 2001 to 2005: 14 schools in the district of West Alexandria and 16 in East Alexandria in addition to the 20 new schools to be built by USAID.

#### Project Structure

Three level committees were established:

- 1- Board of Trustees ,
- 2- District Education Committee,
- 3- The Education Advisory Committee<sup>90</sup>

At the school level, a board of trustees which replaces the parents association in each school was established. Members of the board of trustees are 16: four ex officio members the headmaster, the representative of the Ministry of Education in the district, the health insurance school doctor, and the social counselor and four members who are public community figures in order to involve community members and the private sector in the management of the school, two teachers selected by the school teachers in addition

<sup>89</sup> Zeinab Abdel Razek, "A New Educational system.. Can it Save Education in Egypt, *Al Ahram*, 10 September 2004.

<sup>90</sup> Education Final Report published by ADC



to six parents. The board of trustees meets once every month and reports to the Education Advisory Committee. Also, the president of the student union is entitled to present a report at this monthly meeting.

The responsibilities of the board of trustees are:

1. Reviewing and approving the annual plan for upgrading school performance
2. Managing the allocation of school funds and raising additional funds
3. Monitoring the performance of school teachers, activities and administration
4. Devising ways to enhance the students' learning experiences
5. Fulfilling out regular responsibilities expected of a parents association

At the district level, there is a district education committee made of 11 members where schools share their experiences with other schools in the same district. This committee consists of: Two members representing the advisory committee on education, one member representing the General Authority for Educational Buildings, six representing the administration of the schools in question in addition to the parents or staff of these schools.

It meets every two months and reports to the advisory committee every four months.

The responsibilities of the district committee are:

1. The selection and monitoring of schools
2. Acting as a liaison between the district and the advisory committee
3. Rewarding or punishing school headmasters according to performance
4. Enhancing the staff's fund raising efforts in every school
5. Monitoring the performance of each school through reports
6. Following up with training of all participants



At the Governorate level, there is a joint committee in which all partners are represented (the Ministry of Education, the Governorate of Alexandria, the USAID, the British Council, the ADC). It is called the Education Advisory Committee and includes 18 members. This is the highest authority supervising the progress of the project and the performance of all schools involved in this project.

The responsibilities of the Education Advisory Committee are:

1. Enhancing the quality of education
2. Taking part in the selection of the headmasters and monitoring their work
3. Monitoring financial allocations and making sure they are used for the purposes they have been designated for
4. Examining the relationship between high school graduates and the job market in order to be able to provide orientation
5. Evaluating the project and publicizing its outcomes at the local level

As for structure, this committee meets every three months in order to review progress. Two members are fully devoted to the preparation of the schedule of events, and monitor the needs and follow up on the implementation of recommendations made during these meetings.

#### Evaluation of the Educational Reform Project

Using the five questions in the chapter comprising the conceptual framework as guidelines for analysis, this PPP experience is considered institutionalized to a large degree. The five questions are: 1- How can we explain this PPP? 2- What are the various types of PPPs and what type is this one? 3-What are the benefits/incentives that partners expect /reap from PPPs? 4- What is the impact of such a pattern of providing services? 5- How can we evaluate the PPP in the case of the educational reform project?



This experience clearly demonstrates the government's increasing inability to handle alone such a project, partially because of the limited budget available for the improvement of the quality of education and partially because of the lack of expertise and organizational skills and the centralization of decision making. The organization and division of tasks in this PPP is ideal in the sense that each partner carried out the role most suitable to it. In this PPP initiated by the Alexandria Development Center, ADC acted as the moderator of the project and the administrative tool and the think tank which studied the project, presented the idea to the Governorate of Alexandria and laid out the ground for it. Both private partners, the British Council and the USAID were excellent choices in such a partnership due to their long experience in the field of education and in development projects worldwide including Egypt. USAID has been working with the Ministry of Education in Egypt since 1975. USAID has provided \$ 700 million for the support of education improvement programs<sup>91</sup>. The British government was also consulted during the implementation of this project. The minister of education, the Governor of Alexandria and the chairman of ADC had visited the UK for that purpose. The UK sponsored sending an expert to evaluate the educational system of the schools selected for the project. This expert prepared a comprehensive report and made recommendations which were passed to the Education Advisory Committee for implementation. The USAID provided funding for the training and also built 20 new schools in Alexandria.

For consultation, the Ministry of Education in Cairo followed up with the Governorate in Alexandria as well as with the under-secretary of education in Alexandria. As for the Governorate of Alexandria, the Education Advisory Committee

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<sup>91</sup> US press release, May 14<sup>th</sup>, 2003, [www.usaid.gov](http://www.usaid.gov)



held regular meetings at the Governor's office. These meetings were attended by the Governor, the British Council representatives, Mr. Rashid M. Rashid, chairman of ADC, the executive manager of ADC and the undersecretary of the Ministry of Education in Alexandria and USAID representatives.

The type of this PPP is an inherently public activity with voluntary incentive i.e. no profit for any of the parties<sup>92</sup> and is jointly implemented by public partners (the Governorate of Alexandria and the Ministry of Education) and private partners (the ADC, the British Council and the USAID)

It is a multilateral partnership which gives the project depth and structure. The fact that five partners joined their efforts meant the chance for better planning and for making an impact on the selected schools.

There is no visible or direct benefit related to this PPP. The core of this PPP is education. I.e. there is no commercial activity. The educational reform project is organized in a voluntary community work style, but it is carried out by specialized actors, not by volunteers. In this case, there are no material incentives or profits made by any of the partners. ADC has a wide range of development activities in Alexandria. ADC is a non-governmental organization and although Mr. Rashid is the founder and chairman of this organization, he does not monopolize decision-making. The board members are 18 and include university professors, bankers, businessmen from different fields who are prominent and active community members. The education project is part of these activities. Asking him about his personal interest in such a project, Rashid said: "It is Alexandria. I just wanted to do something for the sake of my hometown. I don't have

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<sup>92</sup> Other types of partnerships include commercial activity with financial incentive, commercial activity with voluntary incentive, and inherently governmental activity with financial incentive. See Goldenkoff, Robert "Opportunities and Challenges of Public-Private Partnerships", *The Public Manager*, Fall 2001, P. 31



principals and teachers, the new equipment, the new teaching techniques, etc. In this case, policy makers were keen on a PPP as the project offered more resources, better organization by of the private partners, more authority to ensure the efficiency of the different phases of the project and good planning and administrative support.

In a meeting with the Governor of Alexandria on November 4, 2003, Ambassador Wendy Chamberlin, Assistant Administrator for Asia and the Near East at USAID said that the decentralization achieved through this project created a sense of ownership which was instrumental in fostering dynamic and effective local educational institutions. She further said, "We are proud of the parents and community members who have made it a priority in their lives to participate directly in improving the quality of management and instruction in their local schools".<sup>95</sup> The success of this approach has actually encouraged the replication of this experience in more schools in other places. Based on the success of Alexandria's educational reform project, USAID has committed \$100 million to expand the reform initiative in seven Governorates: Minya, Benisuef, Fayoum, Qena, Aswan, Alexandria and Cairo. The minister of education also announced that other governorates expected to follow suit are: Dakahleyya, Sharkeyya and Luxor and eventually all governorates will take part in the educational reform project. Perhaps this is a step which indicates a major upcoming change in the government's stand towards involving private partners in its pursuit of strategic goals.

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<sup>95</sup> "USAID's Chamberlin Views Alexandria's Education Progress" 4 Nov. 2003 <http://www.usaid-eg.org/arabic/detail.asp?id=345>



Despite the success of the project, some facts remain controversial. Mr. Amr Badr el Din, a businessman, member of the Alexandria Businessmen Association and Chairman of El Badr for Development and Investment and Secretary General of ADC says he does not find the results of the education project satisfactory because, in his opinion, the Ministry of Education is exercising its influence to direct the course of the project.

"If there is no democracy, the system won't work. It is difficult to have a capitalist system and run it with a socialist mentality. There is no scope for voluntary work. The government controls everything. In the educational reform project, the minister of education wants to impose his own ideas and use the resources of the project. As for the training courses offered, teachers and headmasters fight for it. It is difficult to change people's attitude and way of thinking and make them share in the decision making process"<sup>96</sup>

In the researcher's perspective, I think that whether the middle level administrative staff resists the new changes as per Mr. Rashid's statement or that the minister wants to impose his own ideas as per Mr. Badr Eldin's statement; this still falls within the expected. The minister of education has always been the top decision making authority on education in Egypt and as a matter of fact, he still is. The fact that a pilot project is being implemented in some schools in Alexandria does not completely strip him of his power. He devolved only some special authorities to the Governor but not all his authority.

At this point, it is important to note that Mr. Hussein Kamel Bahaa Eldin, referred to through out this chapter as minister of education, has been replaced during the last cabinet change in July 2004 by Dr. Ahmed Gamal Eldin Mousa. According to Al Ahram Weekly, "his removal was a positive step towards modernizing this highly vital sector, his socialist past -- as chairman of late President Nasser's Youth Organization -- always

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<sup>96</sup> Personal interview with Mr. Amr Badr El Din, Alexandria, 23 Feb. 2003.



seemed to be a major obstacle towards creating a more competent education system".<sup>97</sup> Mr. Bahaa Eldin held the same office as minister of education for 14 years from 1990 to 2004.

The researcher believes that this change will be in favor of an expansion of educational reform, an increase in Public Private Partnerships, technologically revolutionizing education, etc. The more this project progresses and the better fruit it bears, the more, the researcher believes, the minister and his staff will be able to realize that the goal of the project is the same as theirs: improving the quality of education.

Besides, the researcher finds the fact that the Ministry of Education accepted the partnership is an achievement in itself, and an important step in partnering with local government and the community. This step signals the Ministry's accepting new changes such as devolving some of its authorities to the Governorate, the participation for the first time of non-governmental partners such as ADC, the USAID and the British Council in the education policy-making, the decentralization of school management through the board of trustees and allowing community participation in the evaluation of the performance of teachers, students and staff, granting the district committee and the board of trustees decision making powers. This means that the Ministry of Education realizes that education in Egypt needs these reform efforts and that it can not alone take the responsibility for implementing them.

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<sup>97</sup> Gamal Essam Eldin, "Bringing in the new: The old guard is largely absent in Ahmed Nazif's government" *Al-Ahram Weekly* 15-21 July 2004



Also the first stage of the project is designed to last four years which is long enough to negotiate the differences in perspectives between the ministry and the other partners/committees in the project and gradually implement the required decentralization from the ministry and to be community-led by that time. The first stage ends in 2005 and the second stage in 2009.

However, Badr Eldin said "this is a step forward. Let's not attack those who work and exert an effort. It is enough credit for the Governor and his administration that he made people realize that they are capable of making a difference and improving their own society. What we still need is to change the law of NGOs to give more freedom to these organizations and allow them to make an impact on social life in Egypt."<sup>98</sup>

In a meeting of the Education project committee, Dr. Kamilia Hegazy, first under-secretary of the Ministry of Education in Alexandria explained that there were two inspectorates randomly visiting the schools; one inspecting curriculum and instruction related issues (e.g. the need to change or adapt parts of the curriculum or how it is taught) and the other inspecting school facilities, equipment, etc. The British Council enlisted the help of an education expert from the UK to prepare a report on the status of education in the selected schools and make recommendations. One of the main recommendations the education expert made was the need to establish a four point evaluation system to be applied to all the selected schools in order to systemize the comparison of the performance levels of schools.<sup>99</sup> Another recommendation had been to evaluate the qualifications of teachers every two or three years, not necessarily by forcing them to sit

<sup>98</sup> Personal interview with Badr El Din, Alexandria 23 Feb. 2003

<sup>99</sup> The Education Project Committee Meeting, 29 May 2003, the Governor's office, Alexandria.



100 "It is a pilot project which exams, to encourage the teachers' sharpening of their skills.

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we hope will induce positive change and quick response", said Rashid M. Rashid.

According to the above overview, the project is organized, planned and well-documented. The fact that meetings were regularly held suggests coordination between the parties. The researcher also finds that the division of responsibilities was appropriate, particularly that every partner's contribution was the task it is best qualified for. The duration of the project four years is ample time to ensure the institutionalization of the PPP and sustainability of the outcomes of the project. This is a PPP based on a feasibility study, carried out through cooperation between administrative staff, government officials, donors and experts from different organizations and involves the participation of the beneficiaries or the "service recipients"<sup>102</sup> (headmasters, teachers, administrative staff and students in schools). This involvement of all stakeholders secures the social sustainability of the partnership.<sup>103</sup> Therefore, this is a PPP that may change the perspective on how PPPs are carried out in Egypt and what kind of achievements can be fulfilled. Social sustainability also includes the continuation of a project without drawing on physical, human or natural resources while stressing the importance of carrying out feasibility studies to ensure the viability of the project, long term commitment and willingness of the stakeholders to play mutually agreed roles.

However, according to Huntington, the adaptability of an institution cannot be confirmed until the first set of leaders has been replaced by a new generation of

<sup>100</sup> The Education Project Committee Meeting, 22 January 2003, the Governor's office, Alexandria.

<sup>101</sup> Rashid M. Rashid at the Education Meeting, 22 January 2003, Alexandria.

<sup>102</sup> Robert Goldenkoff, "Opportunities and challenges of Public-Private Partnerships", *The Public Manager*, Fall 2001, p.33

<sup>103</sup> Anthony Bennell, Sustainable Public-Private partnerships for Public Service Delivery "Natural Resources Forum, Vol.22, no. 3, p. 193



104 So far the leaders in charge continue to hold the same positions and the first phase of the project is not over yet. Only the minister of education has been changed in the last cabinet change in the summer of 2004. The project enjoys a high sense of moral consensus as it is related to education and conforms to rules, which is a fact that distinguishes political institutions.

The project seems to be going on successfully at the district level and the school level. Confirming the institutionalization of the partnership by the independence of the process and procedures from individuals and adaptability to rules/ conformity to rules according to the modern theory of institutions<sup>105</sup>, this independence is especially clear at the school level as the project's implementation in schools is carried out by the board of trustees. The adaptability to new rules is a characteristic of the partnership as the minister of education delegated authority to the Governor of Alexandria while the conformity to rules in general is facilitated by the lack of hidden interests in this type of project.

The researcher believes that this experience will be encoded over time into standard procedures, particularly as the project is replicated in other schools in Alexandria and in other Governorates.<sup>106</sup>

#### Findings Related to Classification

To classify the Educational reform Project PPP, the researcher makes the following findings:

1-In terms of division of responsibilities<sup>107</sup> and level of participation of each partner, this is a partnership which allowed beneficiaries: school headmasters, teachers

<sup>104</sup> Huntington, Samuel. Political Order in Changing Societies. New Haven: Yale University Press, 1968, p.9  
<sup>105</sup> March, James and Johan Olsen. Rediscovering Institutions: The Organizational Basis of Politics, 1989, p. 80/22  
<sup>106</sup> March, James and Johan Olsen. Rediscovering Institutions: The Organizational Basis of Politics, Free Press, New York, 1989 p.55



and staff and even students to participate in decision making while decisions are made through consultation between the public and private partners through the joint committee, the Education Advisory Committee. Decision making is not manipulated by a single partner in this case. In fact, responsibilities were well divided among partners, roles were clearly defined and beneficiaries were involved in the decision making and implementation of the project.

2- In terms of the formality<sup>108</sup> of the partnership, this project is characterized by a

high degree of formality. Although the partnership was not a contractual type, the partners signed a "memorandum of intent"<sup>109</sup>. Other documents related to the project include: feasibility study, concept paper, action plans with timetables for required actions, objectives in addition to regular updates and reports. The feasibility study includes a

compilation of data regarding the selected schools, analysis of the situation in these

schools, methods for community and private sector participation in the project and recommendations for improvement in schools. The Alexandria Development Center

acted as a broker between the public partners (the Governorate of Alexandria and the Ministry of Education) and the private partners (USAID and the British Council).

### 3- In terms of contribution

It is important that each partner transfers some resources whether material or immaterial<sup>110</sup>. This is an inherently governmental activity with voluntary incentive and no profit for any of the parties<sup>111</sup>. There are various types of financial contribution. For

<sup>107</sup> Anthony Bennett, "Sustainable Public-Private Partnerships for Public Service Delivery" *Natural Resources Forum*, vol. 22, No. 3, p. 193  
<sup>108</sup> *Ibid.*  
<sup>109</sup> USAID Press Release, [www.usaid.org](http://www.usaid.org), May 14<sup>th</sup>, 2001  
<sup>110</sup> Guy Peters, "With a Little Help from our Friends: Public-Private Partnerships as Institutions and Instruments" Jon Pierre (ed) *Partnerships in Urban Governance: European and American Experiences*, Palgrave, 1998, p. 12  
<sup>111</sup> Robert Goldenkoff, "Opportunities and Challenges of Public-Private Partnership" *The Public Manager*, Fall 2001, p. 31



example, the ADC committed L.E. one million<sup>112</sup>, the USAID is funding the construction of 20 schools and the training of teachers and staff members. The USAID contributes \$ 25 million to the project and the British Council funded the expert's report and covered all expenses, and the Governorate exercised its authority to accomplish progress on this project and provided a meeting place for the advisory committee.

#### 4- The number of partners and organization

Two is the minimum number to have a partnership. This partnership is a complex one as it includes five partners. Each of the partners is a principal<sup>113</sup> i.e. it is authorized to represent a certain institution and to make decisions on its behalf. There is interdependence among the parties and convergence of objectives, which are considered primary start conditions. The presence of a network which means the opportunity for informal meeting and consultation and/ or the presence of a broker who acts like an intermediary between partners and is preferably independent of both partners<sup>114</sup>. The broker in this case is the ADC which is an independent actor of both public and private partners.

This partnership witnessed prior agreement on the parameters of partnership and planned its activities accordingly. The contribution of each partner was also decided upon early on during the implementation of the project, whether it is material or immaterial. The relationship between the partners is enduring and the interaction is continuous.<sup>115</sup> Objectives, strategies, planning and recording of the project prove to be unambiguous. These are the process conditions i.e. conditions that help the achievement

<sup>112</sup> <http://www.usaid-eg.org/detail.asp?id=9>

<sup>113</sup> Guy Peters, "With a little help from our friends: Public-Private Partnerships as Institutions and Instruments" in Jon Pierre Partnerships in Urban Governance: European and American Experiences, 1998 p.13

<sup>114</sup> Vincent Kouwenhoven, The Rise of the Public-Private Partnership: A Model for the Management of the Public Private Cooperation" Jan Koorman (Ed) Modern Government-Society Interaction, Sage, London, 1993, p.124

<sup>115</sup> Ibid.



of objectives but are not sine qua non like the primary and secondary start conditions

which means that partnerships may succeed in their absence.

<sup>116</sup> 5-in terms of third party rights

Third party rights are protected under this partnership and are furthered as third parties (community members, students, teachers, and parents) are the goal of this partnership. The participation of the third parties in this project ensures that there will be no objections or appeals to the project and ensures their commitment to the project and the fulfillment of their needs.

In addition to the above discussion of the PPP experience in Alexandria, the government has already started an intensive program itself for reforming education in Egypt. Educational reform has been discussed in a high level conference chaired by Prima Minister Ahmed Nazif devoted to this topic, at the People's Assembly and the National Democratic Party and in recent speeches by President Mubarak. The decentralization of education and educational reform were some of the last NDP conference recommendations. Decentralizing education includes granting new prerogatives to the educational directorates at the governorate level to facilitate decision making and granting governors the authority to appoint undersecretaries for education in each governorate<sup>117</sup>. Under this new reform project, a higher council will be established in each governorate comprising members of civil society, the private sector and the education officials.<sup>118</sup>

<sup>116</sup> Ibid, p.123

<sup>117</sup> \* The number of pre-university students in Egypt is 15.4 million. The number of schools is 37 912 and number of teachers is 1,219,649

<sup>118</sup> Al-Ahram 26 September 2004, p.1.

<sup>118</sup> Al-Ahram, "Message from President Mubarak with New Thought and Vision for Education", 10 September 2004



The minister of education emphasized the importance of community participation and the need to involve civil society organizations and institutions specialized in education to participate in the evaluation and monitoring of the educational process in Egypt. He also stressed the value of decentralization in a massive educational system\* like Egypt's through the mobilization of popular efforts, promoting democracy, the sense of ownership and belongingness in local communities and establishing transparency and accountability for a better quality of education in Egypt.<sup>119</sup>

It is interesting that this series of change in the educational policy in Egypt did not need any change in the law or constitution. It rather necessitated executing the law of education no. 139 for 1981 which advocates decentralization, community participation and regulates individual contributions and the role of governors in supervising local educational plans.<sup>120</sup>

The final outcome of the educational reform project remains to be seen in 2005 when the first stage of the project is fully accomplished. It remains to be seen how the replication efforts in other schools and in other Governorates materialize and how lessons learned are shared among the different participants in the project.

To conclude, the status of education in Egypt deserves the chance to raise extra-budgetary resources, the selection of the appropriate partners, the proper division of tasks and planning ahead, the joining of efforts of both the education expertise with the political authority needed to push for this kind of policy change and the adoption of new decisions in addition to the effective participation of community members in school management through the boards of trustees, the direct involvement of the beneficiaries

<sup>119</sup> Al-Ahram, "The Second Session of the Conference chaired by Nazif", 1 September 2004  
<sup>120</sup> Ibid.



(headmasters, teachers and students, the primary stakeholders in the project) and the private sector. The decentralization of decision making, both at the Governorate level and at the school level enhanced and facilitated the implementation of the project. Perhaps this is not a comprehensive blueprint for the improvement of the quality of education in Egypt. However, the Educational Reform Project contains the essential components of a PPP which seem to have worked in Alexandria and accordingly spurred the movement for decentralization and the participation of the private sector and USAID in the replication of the project in many other governorates in Egypt and eventually it replication on a national level. These are the key points for a positive start in the direction for utilizing PPPs as a policy instrument in Egypt.



After 12 years under General Ismail al Gawsagi, the former Governor of Alexandria who let the basic services in Alexandria deteriorate, and who did not communicate with its community, another army general, also a top level intelligence

## ACHIEVEMENTS IN URBAN UPGRADE

These partnerships involve the Governorate of Alexandria and a number of private companies in Alexandria. The primary goal of this project is the upgrade of the city's infrastructure, services and aesthetics. The private companies took part mainly in the aesthetic and renovation part of the project. This included projects such as the painting of old buildings along the cornice, building new tram stations, the renewal of old squares, the establishing of new gardens etc. Using the theory of institutions to analyze these partnerships, the following factors will be examined: The level of institutionalization, planning and organization, the impact of the partnership, the number of beneficiaries and their involvement, the contribution of each partner and the possibility of replicating this partnership. The main conclusion is that the project is considered an unstructured partnership, described by March and Olsen as the least organized form of an institution. With both its positive and negative sides, the institutionalization of this pattern of partnership is controversial.

## THE URBAN UPGRADE PROJECT

### CHAPTER IV



officer came to Alexandria. General Abdel Salam al Mahgoub took office as governor in July 1997. Residents were shocked by the vast changes and the efforts of the new governor. "What happened in Alexandria and for Alexandria is an achievement, a miracle and an impressive work to the credit of General Mahgoub as the cornice, previously Alexandria's weak point is now one of its main reasons for pride."<sup>121</sup> Because of his achievements in Alexandria, al Mahgoub was named al Mahboub (Arabic for the loved one)<sup>122</sup>

The Urban Upgrade projects included the following:

1-Renovation and beautification of five main squares which are

- Muharram Bek Square, adding a parking lot
- Khedive Ismail Square, adding a parking lot
- Saad Zaghloul Square
- Al Shuhadaa Square
- Train Station area. Streets were made larger, parking facilities improved and 2,200 square meters of greenery planted.

2- Al Manshiyya al Gadida project. Small workshops were built in this area to accommodate half a million artisans.

3- Small projects initiated in cooperation with the social fund allowing young people to start up small businesses.

4- The Chamber of Commerce contributes funds to the renovation of the buildings on the Eastern harbor. 116 buildings from Ras el Teen to el Selsela painted to reverse the revenge of time.

121 Al Ahram Daily, 5 July 2002, p. 19  
122 Al Ahram Daily, 7 August 2002, p. 30



5- Rebuilding the cornice and enlarging it into six lanes, instead of only two to become one of the largest in width, with 16 tunnels for pedestrians to cross the street in addition to 6 tunnels under construction at present and another 8 tunnels for cars to facilitate the flow of traffic, a side walk for jogging and trekking, wave breakers to protect the beaches, public restrooms for men and women along the cornice, pergolas and general renovation of the cornice. This project was one of the most important in Alexandria. It was accomplished on three stages and lasted four years, including the Stanley Bay Bridge.<sup>123</sup>

6- Demolishing all buildings which blocked the sea view.  
 7- Garbage collection: A French company was contracted to collect, recycle and dump garbage.

8- Enforcing traffic laws, banning klaxons and imposing fines  
 9- Murals exhibiting Alexandria's history

10- Bir Massoud. Transformed into a tourist venue

11- Renovation of the Alexandria airport and building a new International airport in Borg al Arab.

12- Diving center for tourist to view an underwater museum

13- The publishing of a Franco-Egyptian encyclopedia on Alexandria

14- Supporting the Alexandria Library.

15- Comprehensive survey of all exceptional buildings which should be considered part of the city's architectural heritage. No building is allowed to be torn down until inspected.

<sup>123</sup> *Al-Ahram* Daily paper 5 July 2002 p.19 and 9 August 2002, p.33



16- Renting out 60% of every beach for better service to visitors while keeping 40% for free.

17- Privatization of the International Park, which used to be a garbage dump, on a BOT (Build Operate and transfer) basis.

18- Upgrade of the Alexandria port, drawing investments.

19- Upgrade of the sewage system which used to pour into the sea just off shore of popular swimming areas.

Accordingly, the city

### Overview of the Projects Achieved through Public-Private Partnership

Not only has the newspapers praised the idea of partnerships, but it also personally praised the governor by saying:

"A point which deserves a closer look is that what happened in Alexandria was not realized through increasing the financial allocation from the public treasury, but with people's contribution, which emphasizes the governor's success in strengthening the belongingness and people's love for their city... If every leader could combine proper management and the necessary human relations with his staff and the public he deals with, the situation in Egypt would improve to a great extent"<sup>124</sup>

However, we must clarify that only some of the urban upgrade projects were accomplished through partnership. The large scale projects such as the enlargement of the cornice, the establishment of the Stanley Bridge were financed through the governmental budget.

The Alexandria Businessmen Association signed a contract with the Governorate of Alexandria for the development and upgrade of the area called Ezbet Sekina for the establishment of specialized clinics for young doctors, literacy classes, a center for small industries, gardens and parks. The total cost of this project which was carried out in



1997/1998 was L.E. 20 million, which was completely shouldered by the private companies. Expenditure on paving the streets in the slum areas totaled L.E. 37 million, out of which 20 million were private funds. Electricity was introduced in poor and slum areas with a total cost of L.E. 19.5 million, out of which L.E. 6.4 million were governmental budget and L.E. 13.1 million were private funds. These projects included paving a part of the Alexandria desert road to King Mariut up to Kilo 21 and al Zaraq al Bahari connection and all of Abis villages.<sup>125</sup>

Al Ahram Newspaper contributed to the urban upgrade and beautification campaign of streets and squares in al Montaza, East and central Alexandria and al Gomrok districts, al Manshiyya and Rassafa Square in Muharram Bek area while in al Shallalat area, a new square was built in addition to the installation of new traffic kiosks in streets and squares.<sup>126</sup>

In May 2002, a group of businessmen cooperated with General Essam el Sherif, East Alexandria District Chief for the upgrading and beautification of Sofani square, Cleopatra tunnel, Sidi Gaber Station square, Salam Theater on the cornice, and the enlarging of Mustafa Kamel Street to become 40 m in width.<sup>127</sup>

Some partnerships took place between the Governorate and individual private companies such as the painting of the buildings along the cornice which was carried out by three companies; C, D and S I. K in addition to the SS Real Estate companies and the partnership with the Alexandria Preservation Trust are other examples.

This chapter deals with the public-private partnerships which took place for the Urban Upgrade of Alexandria. Although there is a consensus that great efforts and massive

125 Original document dated June 2002 acquired from the Governorate of Alexandria, Public Relations Department, p. 12.  
126 Al Ahram daily, 24 07 2002  
127 "Alexandria East District Ready for the Summer", Al Ahram, 28 May 2002, p. 29.



projects have been accomplished, there are many debates surrounding the urban upgrade partnerships. There are claims that the appearance of the city improved to a degree less than expected.

Many believe that much of what was accomplished in urban upgrade is the result of the governor's personal impact on the process. As one journalist puts it, "Alexandria remains hostage to the abilities or failings of one man brought in by decree from Cairo".<sup>128</sup> It is feared that if the governor leaves office, these partnerships may cease to exist.

Another partnership was one in which Mohamed Awad, Professor of Architecture

and founder of Alexandria Preservation Trust participated with the UNESCO, UNDP and the Governorate. A committee was established by the governor for the preservation of old buildings of architectural value, the management of heritage with assistance from UNESCO and UNDP and funding by UNDP. Businessmen, experts and financial institutions participated in this committee. The Committee proposed projects for upgrading. According to Awad, the governor attended the meetings and presentations held by the committee. However, the committee faced problems later. Some of the projects were accepted and some were suddenly blocked and eventually Dr. Awad left the committee. He said that "the Governorate does not have the knowledge, expertise or background to take part in such a project. Not only that but also members of the committee included the head of urban planning and the chief of housing who were both construction engineers. The other problem is that they do not have the mechanisms for the implementation of such a thing. I do not think they knew what they were getting into when they started the project. There is a serious malaise in the bureaucracy. There is no

128 "Battered Bride of the Mediterranean" *Cairo Times*, 27 August 1997, vol. 1, Issue 13



proper organization" the PPP's have benefited the private sector more than the government and many acquired permissions and licenses for higher buildings which over-ruled the law" As for the impact of the governor on the process of PPP's, he said "I think he is a clean man. I do not think he did anything for his personal gain. He was able to mobilize and recruit people. He initiated this idea of private sector participation. It was only during his time that the Greek Community decided to give Alexandria the statue of Alexander the Great. He has many merits and he listens well. However, he has his own priorities which he wants to achieve. But then again the system does not allow him to be more democratic."<sup>129</sup>

The Governorate's support of the private sector and facilitating the acquisition of

licenses for construction of new buildings and the addition of more floors to already existing buildings helped encourage this sector to contribute to the community development and share the responsibility with the government<sup>130</sup>. The governor struck a working relationship with businesses through which he managed to eliminate excessive bureaucracy and red tape which saved unnecessary costs for these businesses in return of their support for infrastructure projects to improve the city.<sup>131</sup>

As a result of these PPP projects and development works, there happened a sense of liveliness and activity in the city. Old hotels which were in bad shape were renovated and resold to new managing international chains, the economic situation seemed to flourish, which spurred investment in the city. This was the best encouragement to the private sector.<sup>132</sup>

129 Personal interview with Dr. Mohamed Awad, Professor of Architecture at the Faculty of Engineering, Alexandria University, Alexandria, 18 January 2003.  
130 "Battered Bride of the Mediterranean" *Cairo Times*, 27 August 1997, vol.1, Issue 13  
131 The US-Egypt Presidents' Council Record of Meetings, October 25, 1999, Alexandria  
132 Personal interview with Mr. Sherif Delawar, economist and consultant to the governor of Alexandria, June 6<sup>th</sup>, 2003, Alexandria.



In terms of planning, the *African Consultant Office* supervised the renewal and

upgrade of major squares in Alexandria, studied the projects and was responsible of monitoring the specifications. The Faculty of Engineering staff, Alexandria University helped with the landscape. With the upgrade of the oldest still existing street in the world, the Governorate participated with the Greek community and professor of architecture Dr. Mohamed Awad, professor of archaeology, Dr. Mustafa Ebad, professor

of Urban planning Mohsen Zahran and acted upon their recommendations.<sup>133</sup>

Evaluating the achievements in Alexandria, Dr. Adel Abu Zahra was very

skeptical. Abu Zahra says that "there was no partnership. I can assure you of that. They

simply asked businessmen to donate money. I think in some cases, some superficial

partnerships could have taken place. They would invite certain individuals to complete

the picture but not to participate in decision making. It is a good relationship but in order

to call it partnership, partners must participate on an equal basis. There should be a board

of trustees or advisory committee to guide the performance of the Governorate. What we

have now are committee members who are not able to say no. Local councils must have

an active role too".<sup>134</sup>

Using the five questions in the chapter comprising the conceptual framework as

guidelines for analysis, this PPP experience is considered institutionalized to a large

degree. The five questions are:

### 1. How can we explain this PPP?

<sup>133</sup> Ibid.

<sup>134</sup> Personal Interview with Adel Abu Zahra, 6 June 2002, Alexandria.

A professor of behavioral sciences at the Arab Academy for Science and Technology, leading civil rights activist, fought many battles for the conservation of the environment and archeological heritage, head of the Friends of the Environment Supreme Council for Culture, the executive board of the Development Research Centre at the American University in Cairo, the committee of Culture and Media of the National Council for Women among others. In 2001, he was one of ten activists on a world level chosen to be awarded the United Nations' Volunteer prize in recognition of his efforts. Abu Zahra did not belong to any of the political parties, was known to work for causes he believed in on a volunteer basis and not for personal benefit, which gave his work credibility. He passed away in July 2003.

<sup>16</sup> "A Match to the Task", *Al-Ahram Weekly* 7-13 June 2001.



2. What are the various types of PPPs and what type is this one?
3. What are the benefits/incentives that partners expect/reap from PPPs?
4. What is the impact of such a pattern of providing services?
5. How can we evaluate the PPP in the case of urban upgrade project?

These PPPs were spurred mainly by the governor's personal initiative. The

governor is known for his entrepreneurial approach, not a typical approach for a military man. "He wings that extra plaster out of anyone who wants to use the city and then he

actually uses the money to 'improve' Alexandria."<sup>135</sup> About the role of the governor, Mr.

MMS said, "the previous governor al Gawsagi had blocked communication with

businessmen. It was al Mahgoub who opened his door to them once more. He did not

fear the possible spread of rumors which could arise from his contacts with businessmen

because he is an honest and self confident man. He did not benefit personally from all

this. He is an honest man."<sup>136</sup>

Many projects started casually, without much planning. For example, K

contributed a partial renovation of the Alexandria airport in June 1997 which included

putting up roman pillars, fence, entrance and gardens. According to the CEO of K

company, this was the first PPP project to be undertaken between a business company

and the Governorate. He said that when the project was reported in the newspapers, it

spurred more initiatives for the Governorate which led eventually to a series of

partnerships between the Governorate and the private sector. The CEO of K company

said that the company offered to help as it learned that the president was due to make an

official visit to the airport within a short time. "We were pleased to cooperate because we

136 Personal interview with Mr. MMS, the chairman of a leading real estate investment company, 26 October 2002, Alexandria



sensed that the governor was ready to work hard and willing to do something for the city."<sup>137</sup> At first the company dealt with the governor personally but later it dealt with a

follow up department. Afterwards, the company also took over the renovation of the Sidi Gaber train station, al Ibrahimyeya square, Merghem square and the establishing of a new garden in the area, Mustafa Kamel square, the building of a new side walk and tree-planting along Gawad Hosny street, renovation and restoration of Sidi Beshr mosque, establishing a new building in Abdullah al Nadim school (Ibrahim Sherif street) and the opening of a two-story clinic to serve the students of the school. A S, PR manager and legal advisor for K company also reiterated that private sector companies took the initiative to approach the governor with their offers to participate, or make a contribution to the Governorate. "He awakened people's feelings of belongingness", S said.<sup>138</sup>

Contrary to the belief that the idea of public-private partnerships emerged with the arrival of al Mahgoub in Alexandria, Mr. Delawar, explained that the idea was not a new one. In 1992 a conference was held in Alexandria to define the nature of partnership between society, the Governorate, the private sector and the universities. The framework of this partnership was formulated by Dr. Hamed Mubarak<sup>139</sup> but apparently it was shelved for a long time until governor Mahgoub came to office and started to implement these ideas and put them into action.

Explaining how the public private partnerships were created, Delawar said that there is a general trend in the government to boost the role of the private sector and that Mahgoub's background as a military man with good connections and strong government backing has allowed him to make such a bold initiative and overcome many obstacles in

<sup>137</sup> Personal Interview with CEO, K Company, February 23, 2003.

<sup>138</sup> Personal Interview with A. S. Public Relations Manager and Legal Advisor for K company, Alexandria, February 23, 2003.

<sup>139</sup> Hamed Mubarak. Business Meeting on Public Private Partnership, Alexandria 6-7 May 1992.



the process. "This experience sprang from the boldness of an individual and the power to take strict decisions. We here witness the role of an individual, not the institution through which he works. He also introduced change at a ripe time" He worked through the chamber of commerce in Alexandria, the Alexandria Businessmen Association and university professors with a long experience in planning. Instead of accepting bribes, he invented this framework which spurred private works that amounted to 9 billion pounds. The businessmen were ready to participate in the urban upgrade projects as they have witnessed the deteriorating situation in Alexandria, several types of businesses moving to Cairo while vacation seekers started going to the Red Sea and the North Coast, rather than Alexandria."<sup>140</sup>

According to Goldenkoff's classification, the type of PPP is inherently public with voluntary incentive<sup>141</sup>. There are no direct commercial incentives. However, there seems to be other kinds of hidden incentives and allegations of corruption. Many of the governor's subordinates have been involved in corruption cases and all of them were removed from their positions. East Alexandria's District Chief was sentenced to five years in prison and a LE 40 000 fine for demanding a LE 50 000 fine from an owner of a building in return for letting him add a few extra floors without license.<sup>142</sup>

But what made businessmen in Alexandria willing to pay to clean squares and plant trees? Al Mahgoub replied by saying that "the Alexandrian businessman loves his country and in Alexandria they became convinced that such donations and contributions to society were not only for the benefit of their people but also in their own interest and

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140 Personal interview with Mr. Sherif Delawar, Alexandria, June 6th 2003  
141 Robert Goldenkoff, "Opportunities and Challenges of Public-Private Partnership", *The Public Manager*, Fall 2001, P.31. Other types of activity with financial incentive  
142 "Battered Bride of the Mediterranean", *Cairo Times*, 27 August 1997, vol.1, Issue 13  
Al Ahram, 3 February 2003, p.24



to society were not only for the benefit of their people but also in their own interest and the interest of their business. When we make the city better we bring in more tourists which is good for the man selling peanuts on the street and the big businessmen as well. They became convinced. They have a solid Egyptian spirit. It is a giving spirit which has a strong sense of belonging and duty. Also people needed to have trust that the money they gave would actually go where it was said it was going. They now have that trust.”<sup>143</sup>

However, it is interesting to note that the contribution of many companies coincided with large projects they undertook which cast doubts on the interests of the owner of the company and the Governorate. For example, one of the urban upgrade projects has been carried out by Kirosez, a construction company undertaking a series of large scale projects in Alexandria. Its latest residential tower noticeably exceeded authorized number of floors for this area. When asked about his incentives or benefits, K CEO, for participating in this kind of project said: “Nothing scratches your skin like your own nail. This is our city, our country and we have to serve it. There is also a humanitarian side to some of the projects as in the case of the clinic built at Abdullah al Nadim School.”<sup>144</sup>

The impact of these PPPs has not been always positive. This kind of PPP has little prospect for replicability. Some of the upgrade and beautification projects accomplished have been damaging to the aesthetic standards of the city. This is confirmed by businessman Amr Badr El Din who expressed his reservations on these projects. He said, “The design of public streets and squares is a public concern of all city

<sup>143</sup> “A Match to the Task”, *Al-Ahram Weekly* 7-13 June 2001.

<sup>144</sup> Personal Interview with K Company CEO, 23 February 2003, Alexandria.



residents. It should not have been left up to X or Y to do what they want to do with it, without even control on the duration of the acknowledgments installed in the streets".<sup>145</sup>

Dr. Adel Abu Zahra had too many criticisms of the governor and his schemes in Alexandria. "There is a big difference between developing the city and merely improving how it looks on the surface. What happened in Alexandria is like applying make up to an old woman. The make up does not change the facts. There are 57 shantytowns in Alexandria which are home to 36% of Alexandrians. The situation in Alexandria is still pretty dim"<sup>146</sup>.

Not only the aesthetic value of some of the projects were below the standards hoped for, the new tram awnings a private company built for the Governorate fell on the heads of two men shortly after the completion of the new tram station<sup>147</sup>, injuring one and killing another, which suggests that the specifications for implementing the project were not monitored properly.

Most of the companies which took part in these projects were construction companies and most of them had major construction projects which acquired exceptional permissions either to add floors to the authorized number of floors of a building, allow the working sites to work until late hours despite being surrounded by residential areas. As for why partners are keen to use such a pattern for PPPs, perhaps the policymakers are interested in filling the gap in their governmental budgets through assigning some of the projects to private partners and witnessing rapid accomplishments accordingly while the private partners' incentives are clearly and directly related to their respective businesses goals. As put by the governor, "a businessman is going to spend money. He is making

<sup>145</sup> Personal Interview with Mr. Amr Badr El Din, Alexandria, 23 February 2003

<sup>146</sup> Personal Interview with Dr. Adel Abu Zahra, 6 June 2002, Alexandria.

<sup>147</sup> "A Match to the Task", *Al-Ahram Weekly* 7-13 June 2001.



an investment and he needs to get a return. Public rights will not be violated because every case is subjected to study on multiple levels: local councils, executive bodies and sometimes the courts. If all these agree, then we must rest assured that public rights are intact".<sup>148</sup>

In terms of the structure of these PPPs, the partners in each are two: the Governorate and one of the companies. These partnerships were carried out by profit-seeking private sector companies. All projects carried out through the partnerships involved public display of acknowledgments for the company contribution i.e. free advertising etc., adding extra floors, sometimes illegally, to already existing buildings or new buildings despite violating the environmental and common construction laws.

Furthering the institutionalization of the PPP projects in Alexandria and therefore its continuity and sustainability, the government is gradually shifting from local administration to local government through implementing the decentralization plan in line with the "new thought" program adopted by the NDP in September 2002. In addition to shifting to local finance and the separation of the Governorate's budget from the state's including the right to issue new taxes and conduct user finance projects and approving the authority of the Governorate over the governmental bodies in fields like health, education and public services with monitoring, evaluation and accountability to the central government. When asked about guarantees for the sustainability of the PPP experience, Mr. Delawar explained that the sustainability of the experience has to be

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<sup>148</sup> "A Match to the Task", Al-Ahram Weekly 7-13 June 2001, p.3



through the central government. On the other hand, the governor is trying to rally support for it.<sup>149</sup>

Despite the governor's and the government's efforts, the evaluation of this PPP shows that it is not properly institutionalized and that it conforms only to a Garbage Can Model which qualifies for minimal organization of an institution. Although it is not well structured, there is a systematic pattern of biases followed. It is difficult to sustain or replicate such a pattern, particularly when combined with the lack of moral consensus to the purpose of the projects.

To classify the Urban Upgrade Project PPP, the researcher makes the following points.

#### Findings Related to Classification

##### 1- In terms of division of tasks<sup>150</sup>

It seems that the responsibility of execution of each of the projects was left to the private company undertaking it. The Governorate was only involved in the choice of company to undertake it which means that the decision-making here was manipulated by one party (the Governorate) while the implementation of the project was manipulated by the other party (the company). In all cases, there are no other partners to share responsibilities.

##### 2- In terms of the formality of the partnership<sup>151</sup>

This kind of partnership lacks formality. There is no documentation of the projects accomplished through this pattern of partnership and there is no written agreement or

<sup>149</sup> Personal Interview with Mr. Sherif Delawar, June 6th, Alexandria.

<sup>150</sup> Anthony Bennett, "Sustainable Public Private Partnerships for the Public Service Delivery" *Natural Resources Forum*, Vol.22, No. 3, P.193

<sup>151</sup> Ibid.



signed document concerning such projects. Contrary to the argument that a gentleperson's agreement sometimes facilitates delivery of service and reduces routine<sup>152</sup> etc, the researcher finds that in the case of Alexandria, perhaps some formality of relationship and documentation of the project is desired in order to help achieve better performance from the private companies, better monitoring from the Governorate's side. No law or decree was issued to legalize public private partnerships. There were only a series of decisions taken to organize the process as it took place.<sup>153</sup> Perhaps also issuing a law regulating the process of PPPs can make it legally binding. Upon asking for documents related to the PPP experience, the public relations and press secretary at the governorate handed the researcher only a slim list of projects carried out through PPPs, making it clear that either there are no further documents or that there are no documents to be publicly shared. I.e. there was no transparency. With regard to accountability, participants in these projects are personally accountable to the governor. There were no performance reviews for the PPP projects, perhaps because most of them were considered small scale. There are regular performance reviews of the projects carried out by the governorate. The local council did not have a leading role but had an important role in pushing the decision making. In principle, the Governorate is accountable to the council in the same way ministries are accountable to the people's assembly.

### 3- In terms of contribution<sup>154</sup>

In this particular partnership, the Private companies make material contributions to implement the projects whereas the Governorate has no material except to select the

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152 Guy Peters. "With a Little Help from Our Friends: Public-Private Partnerships as Institutions and Instruments" Jon Pierre (ed.) *Partnerships in Urban Governance: European and American Experiences*, Palgrave, 1998, p.12

153 Information confirmed at the AUC student meeting with General Safaa, deputy governor, April 5th, 2004, Alexandria Governorate Headquarters.

154 Ibid.



company and approve drawings of a project etc. Perhaps the drawback is that the governorate should have contributed more in terms of follow up and monitoring of projects.

4- The number of partners, organization and sustainability of partnership<sup>155</sup>

Each project which took place under this partnership included only two partners: the Governorate and a private company. "The communication regarding the execution of all these works was carried out personally and verbally between the governor and the owners of the project", said MMS.<sup>156</sup>

In terms of supervision, these projects were supervised by a small team which consisted of the governor, deputy governor and the general secretary of the Governorate. Ad Hoc committees were established for the upgrade projects. The investment council acted as an advisory board that includes representatives from various sectors such as housing, health, water and private sector. New staff were recruited and old staff were trained but on small scale. Consultant offices offered their services for free, university professors offered their expertise for free as well.<sup>157</sup> Perhaps if the consultant offices did not offer their services for free or perhaps if it was only one consultant office, not several, better coordination and better quality could have been achieved.

As for the sustainability of the partnership, A S explained that the company is committed to the maintenance of the various projects and that the follow up department headed by the assistant secretary general annually sends letters to remind the company that it is time for maintenance while other times, the deputy governor or the secretary general contacts the Company CEO directly. As for the planning of the projects, he

<sup>155</sup> Guy Peters. P.13

<sup>156</sup> Personal interview with Mr. MMS the chairman of a leading real estate investment 26 October 2002, Alexandria.

<sup>157</sup> Personal interview with Mr. Sherif Delawar. June 6th, 2003, Alexandria.



explained that the Governorate draws a general plan for all projects and that each company proposes to take a certain project. The drawings are either prepared by the Governorate and their consultants or suggested by the company then the consultants of the Governorate study the suggestions and give feedback to the company. "The whole process takes place in cooperation between parties. We care about our company name".<sup>158</sup>

For Mr. MMS, Most of these projects were not planned. They took place haphazardly. There should have been a comprehensive plan for the urban upgrade of Alexandria enlisting the help of artists and professors. Many things were not in line with the city style." However, the improvement of economic conditions may aid the sustainability of these PPP's, argues MMS. "There are many serious and capable businessmen who are willing to contribute. These businessmen have a significant role to play and if they do, they would not be serving only themselves but the community as a whole. But if the current hard economic conditions last long, the role of the private sector shall diminish and these contributions shall stop."<sup>159</sup>

##### 5- Third party rights<sup>160</sup>

Third party rights were clearly not respected in this PPP due to the violation of environmental and construction laws in several of the projects of the partnership. Adel Abu Zahra fought in court in order to keep the Princess Aziza Fahmy's palace, to prevent the WHO from taking over access to a side street as it is not possible to sell a public street to an organization and the renting of the Waterfalls Park to a businessman who wanted to upgrade and maintain the park in return for building a three storey hotel and

<sup>158</sup> Personal Interview with AS, Public Relations Manager and Legal Advisor for K, February 23, 2003, Alexandria.

<sup>159</sup> Personal interview with Mr. MMS the chairman of a leading real estate investment company, 26 October 2002, Alexandria

<sup>160</sup> Vincent Kouwenhoven. *The Rise of Public Private Partnership: A Model for the Management of the Public Private Cooperation* Jan Kooiman (ed) *Modern Government-Society Interaction*, Sage, London, 1993, P. 124



spa on part of the land<sup>161</sup>. All these projects were reversed by court orders. He opposed the dumping of Lake Mariut and the selling of the land which shrank the lake's area of 50 thousand feddans to 13 thousand feddans and the cutting down of public parks from 65 to 33 feddans, most of which of historical value such as the Antoniadis Park, Kitchener park, etc Outside the partnership, third party rights were even more violated due to the privatization of 60% of the beaches in Alexandria, the construction of the Stanley Bridge which according to professors of engineering and Environmental Impact Assessment studies will have a negative impact as a result of the change in the strength and direction of the water current and the transformation of the Stanley bay into a closed lagoon, transformation of the environment and the death of sea creatures and birds genuine to this area<sup>162</sup> will have a negative impact on the coastal environment because of changing the water currents and on the species of fish in this area, the construction of the police and syndicate clubs on the cornice which bar the sea view and cost large amounts of money for their demolition and reconstruction in order to make room for the enlargement of the cornice project. As for the protection of public rights, when the Governorate tried to rent the Waterfalls public park to an investor in the year 2000, the project was overruled in court. The dividing line between businessmen making contributions to society and benefiting from this opportunity at the expense of public rights, according to the governor, this line is the preservation of such things like the Waterfall Park. He argues that "a businessman is going to spend money. He is making an investment and he needs to get a return. Public rights will not be violated because every case is subjected to study on multiple levels: local councils, executive bodies and sometimes the courts. If all these

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161 "Down by the Waterfall". *Al Ahram Weekly*, 1-7 June 2000. Issue no. 484  
162 "Keeping the Bridge at Bay", *Al Ahram Weekly* 1-7 June 2000. Issue No. 484



agree, then we must rest assured that public rights are intact"<sup>163</sup> Thus the governor admits that not all businessmen contribute to society out of civic duty or love of the country. On the other hand, we must also point out that several cases went to court and the court rulings were not respected. For example, the police clubs on the cornice, the SS project and the Stanley Bridge.

Another example for projects involving disrespect for court orders, violation of construction laws is the SS project. This project includes two residential towers, a five star hotel in addition to a shopping mall and a cinema complex. Contrary to the law restricting the height of a building to one and half times the width of the street, this project has been granted the exception to be much higher than this. The project coincided with the owner company taking the initiative to clean several nearby neighborhoods, upgrade the landscape of the cornice in the area around the project, plant palm trees etc. The owner company had also suggested the addition of the extra lanes in the Cornice and totally shouldered the cost of the addition. They also organized a major cleaning campaign of several neighboring districts. This part of the Cornice project reportedly has been accomplished in full coordination with the governor and the Arab Contractors, the executing company. The owner company had also suggested the digging of a tunnel switching traffic not heading towards the project downwards while the part of the cornice leading to it would be devoted solely to the residents and users of the project. This suggestion was ruled out in court and the decision was abided by.<sup>164</sup>

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<sup>163</sup> *ibid*

<sup>164</sup> Personal Interview with Mr.MMS the chairman of a leading real estate investment company, 26 October 2002, Alexandria



## Evaluation of Urban Upgrade PPPs

To conclude, public private partnerships are excellent patterns for providing public services, overcoming budget deficits, only when they are properly planned and executed. The public private partnerships in the urban upgrade should have been better structured in order to be called properly institutionalized, not just Garbage Can Models. It looks clear that the creation of an umbrella committee was necessary for coordinating projects, harmonizing the architectural styles applied, monitoring the aesthetic standards of each project, standardizing the specifications for projects and standardizing the criteria for selection of potential private partners. Nurturing the growth of the democratic process and empowering the elected local councils would be another important element to enhance the sustainability of the PPP projects and activities. In order to promote the proper use of Public Private Partnerships on a local level, governors have to be accountable to their local community the direct beneficiaries of their services, not only to the central government which appoints them. Another committee should be established to monitor the protection of third party rights and the environment and the respect of the law.

However, the experience of Alexandria in urban upgrade may still go on if the lessons learned from it are taken into consideration. With the government's new decentralization policies to take effect very soon, the above recommendations may not be too ambitious.



## CHAPTER V

### CONCLUSIONS AND POLICY RECOMMENDATIONS

After the decentralization scheme is implemented, Public-Private Partnerships (PPPs) may have a better impact as local government at that point should enjoy some autonomy from central government in the area of mobilizing resources which will certainly encourage the formation of PPPs as one of the alternatives for extra-budgetary resources. In addition to decentralization, we need to have a strong private sector capable to deal with the government and deliver/improve services which in turn means that we need to have a strong economy and a free market. It is interesting that Mayfield recommends more autonomy and risk taking for local government in decision making and the mobilization of resources as a solution of problems of the Egyptian political system despite not addressing PPPs in his work.<sup>165</sup>

The researcher believes that the scope of work of PPPs in Egypt is limited so far and that the PPPs experience, in general, is still young. PPPs in Alexandria may be institutionalized enough for the experience to be sustained but certainly there is more institutionalization which can be achieved for the development of this society. For the PPP experience to become a fully-fledged policy tool and expand its scope, partners must have equal authorities for decision making, beneficiaries have to be consulted, and a clear system of accountability must be enforced. Otherwise, PPPs can easily turn into another.

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<sup>165</sup> Mayfield, James. Local Government in Egypt: Structure, Process and the Challenges of Reform, AUC Press, Cairo, 1996, p.280



government body, without a clear decision making structure whose only advantage is providing private funding.

The theory of institutions rejects contextual explanations as well as emphasis on personal influence. This theory was selected for the analysis in this thesis because the main concern was the sustainability, organization and institutionalization of the various PPPs. From this point of view, the theory of institutions is a good lens to apply to the experience. According to the theory of institutions, decisions ought to be standardized, routinized regardless of the person in charge and the context. In the PPP experience in Alexandria, we find that the person in charge in our case, the governor of Alexandria and the political economic contexts have a significant impact on the experience, particularly in one of the case studies: the Urban Upgrade Project. In terms of his personal influence on this experience, the researcher believes that his personal initiative, connections and maneuvering account for many of the PPPs particularly in the early stage. Not only that, he managed to enlist the support of university professors and experts and local NGO's. If there are some segments of society whose support he did not achieve, he certainly won their attention, involvement and respect. Even the staunchest of critics agree that he is "an honest man"<sup>166</sup> and that "at least he tried to do something".<sup>167</sup>

Yet this explanation of the governor's influence is not to say that the experience is not institutionalized. The experience is institutionalized albeit for another set of factors, other than those identified by the theory of institutions. The support of central government particularly the "New Thought" program established by the Policies Secretariat of the NDP to this trend will have a crucial in the promotion and consolidation

<sup>166</sup> "A Match to the Task". *Al Ahram Weekly*, 7-13 June 2001.

<sup>167</sup> Personal interview with Mr. Amr Badreldin, February 23, 2003, Alexandria.



of PPPs as a major policy instrument for public service delivery in Egypt, particularly with the implementation of the decentralization scheme. With the departure of several of the "old guard" in the previous cabinet<sup>168</sup> and the selection of a homogenous group of ministers in the new cabinet, this process may be accelerated in the coming years. The difficult economic situation and the government's need to fill the service gaps may be another reason to guarantee the sustainability of the PPP pattern.

As we have seen in the two case studies presented, some PPPs have been more institutionalized, more organized than others. But still the nature of some of the projects discussed in the urban upgrade case study is by definition short term. For example, with company K, tree planting in a street, the renovation of a mosque or the establishment of a mural is a clearly short term project that does not require the formation of committees, or regular meetings and close communication between partners. However, the maintenance of these projects is ongoing. Also the partnership between the company and the governorate lasted from 1997 or 1998 to date and a string of projects have been implemented through out this period of almost 7 years. The researcher finds the ad hoc nature for these short term projects acceptable. What is not acceptable is the disrespect for the environment, heritage and construction laws and the lack of standardization of specs and the poor aesthetic value of some of the projects.

As for the education case study, the nature of the project is well structured and multi-lateral. This project directly involves the ministry of education in Cairo, the top authority on education in Egypt, the under secretary of the ministry of education in Alexandria finance from USAID, initiative, planning and moderation from Alexandria

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<sup>168</sup> Gamal Essam Eldin. "Bringing in the New: The Old Guard is Largely Absent in Ahmed Nazif's Government" *Al Ahram Weekly* 15-21 July 2004.



Alexandria finance from USAID, initiative, planning and moderation from Alexandria Development Center, expertise from USAID and the British Council and British education veterans and the governorate of Alexandria. Because the project deals with a strategic area like education and due to the number of partners involved, the need for funds, the project had to be well-organized and planned with well defined roles for each partner, clear long terms goals, and above all the cooperation of the representatives of these entities, the regular meeting of a committee.

Most of the upgrade projects coincided with huge investment projects undertaken by the companies who initiated the upgrade projects.(e.g. S S and K) which suggest some hidden interests behind such PPPs and benefits which these companies must have made and which casts some doubt on whether these PPPs would have existed if these interests did not and raises questions regarding the legality of the "incentives" the governorate could have offered in return. Although there is an incentive structure, it is not visible, particularly in the Urban Upgrade Project. The researcher believes that if the incentive structure is dealt with in a transparent manner, many of the drawbacks associated with PPPs can be easily avoided and that PPPs can have a larger impact as a policy instrument for service delivery in Egypt.

The future of the PPP experience in Egypt seems to face a number of obstacles such as the need for more freedom in political life in Egypt and the deteriorating economic situation, the disorganization and semi institutionalization of some of the PPP schemes in Alexandria, the violation of the law in many cases of PPP's which affect the environment, construction standards and preservation of architecture and nature, third party rights, the need for structural changes inside the governorate itself, training for



staff, etc, standardization of specifications and qualifications of projects and routinizing the process.

How far it is institutionalized can not be confirmed until Al Mahgoub has left office according to Huntington's caution that a new experience can not be tested until the first set of leaders who initiated it has left.

The potential for replication of such an experience is secured due to the government's initiative related to decentralization which will encourage the creation of PPPs, particularly in the areas of services such as health and education. Replication has already started in several Egyptian governorates. Although the experiences of the governorates vary, the Qena experience stands out due to the high mobilization Governor General Mohamed Labib could achieve with the local community. To raise funds, General Labib had started a donation campaign for the upgrade of the city in which citizens contributed L.E. 2 each. Before being appointed as governor of Qena, General Labib served with Governor General Al Mahgoub as chief of security in Alexandria<sup>169</sup>.

The PPP experience still has a good chance to be sustained for the following reasons:

The PPPs which took place in Alexandria were the first in Egypt. Although it is controversial to call them fully successful, they represent the seed of major upcoming projects in Egypt. The PPPs reflect efforts on the part of the governorate, the private sector, the community and the government. In some cases, PPPs provided some services in the area of urban upgrade, and in other cases, the PPPs helped improve the quality of educational services which could not have been accomplished otherwise. There are

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<sup>169</sup> Personal interview with Mr. Sherif Delawar, June 6, 2003, Alexandria.



many valuable lessons learned. With the attention this new phenomenon received from the media, officials and political decision makers in addition to the mobilization achieved among the private actors and community members, there is a chance for improving the institutionalization level of the PPP experience, organization and formalization of the process, standardization of procedures, evaluation and monitoring, enhancing transparency and accountability.

The Private sector is keen to participate in the development process, decision-making and has interests which would be furthered through PPPs. The competition for such PPPs will continue, particularly if the economic situation improves. The government is interested to proceed with decentralization and give local government some scope for action in a number of areas which will aid the portrayal of the government of Egypt as a free regime. International organizations like the United Nations Development (UNDP), United Nations Children's Fund (UNICEF), the World Health Organization (WHO) the World Bank, the European Union and the USAID do encourage the strengthening of civil society organizations and the private sector, greater citizen participation in decision making, accountable and transparent governance.

According to a USAID report, the government of Egypt has started to raise the profile of social development by emphasizing increased private sector participation and public-private partnerships for the improvement of public services and reduce the poverty level.<sup>170</sup>

### Policy Recommendations

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<sup>170</sup> USAID Country Report on Egypt- Activity Data Sheet



- 1- For local government to be efficient, the local community must have a say in choosing the governor. When the community has strong ties with the local government, there will be better accountability, transparency and order will be imposed on local government and good governance will be enhanced.
- 2- Local councils should have the authority and freedom to carry out their role as representatives of society. Responding to a question about the role of the local councils and how they cooperate with the governorate apparatus General Safaa, deputy governor, said that "the local councils are active in studying the projects before implementation in the districts"<sup>171</sup> The researcher believes that the local councils should be entitled to the authority of the executive councils and should be the final decision making body on a local level.
- 3- Consultation councils should be established as per the experience of East Asia for the public and private sector to negotiate their interests, network and communicate and ensure the involvement, the commitment of the local community and to establish a sense of ownership of the project or activity and responsibility to make it work. Adel Abu Zahra had suggested holding public hearings before starting urban projects to give the citizens a sense of ownership and ensure their commitment as beneficiaries, stakeholders and potential users.<sup>172</sup> Other similar institutions are the National Council for Public Private Partnerships in the USA<sup>173</sup>, the Public Private Partnerships Programmes Ltd in the UK<sup>174</sup> and the Canadian Council for Public Private Partnerships which serve as clearing houses for knowledge and information related to PPPs, promoting dialogue

<sup>171</sup> AUC student meeting with General Safaa, deputy governor, April 5<sup>th</sup> 2003, Alexandria Governorate Headquarters

<sup>172</sup> Personal interview with Dr. Adel Abu Zahra, June 6<sup>th</sup> 2002, Alexandria.

<sup>173</sup> Johan Olsen and Guy Peters. *Lessons from Experience: Experiential Learning in Administrative Reforms in Eight Democracies*. Oslo: Scandinavian University Press, 1996, p.29.

<sup>174</sup> Peter Carroll and Peter Steane. "Public-Private Partnerships- Sectoral Perspectives" Stephen Osborne (ed) *Public Private Partnerships: Theory and Practice in International Perspective*, Routledge, London, 2000, p. 52



between different participants and advocating the development of PPPs with decision makers at government levels, increasing awareness on the benefits of such partnerships.

4- Standardization of criteria for projects for safety and harmony in order to avoid accidents and ensure the preservation of heritage, architectural style and the aesthetic value of renovation projects.

5- More transparency should prohibit corruption. Details concerning the deals of the partnerships should be announced. In the Alexandria experience, one of the major drawbacks was the lack of transparency. The only information publicly announced was that project x was carried out through partnership with private businessmen. Another relevant issue to transparency is documentation. In order to ensure good planning, evaluation and execution, projects must be documented and evaluated. In some cases, it is better to sign a legal contract specifying the role and contribution of each partner and outline who is supposed to deliver what, when and how.

6- The need for institutionalization of partnerships. They have to be more organized and pre-planned. Partners must participate in these PPPs on equal basis and the community needs to be involved in the decision making on a larger scale. Otherwise, they become another governmental body.

7- Accountability: The multiple levels of accountability have to be emphasized. Accountability to each other as partners. The present situation does not take accountability in consideration. In the private-public partnerships, there are interests governing the relationship which does not make any of the partners subject to accountability.



Accountability to people. None of the Public or Private actors are accountable to people. The governor is not accountable to people. He is only accountable to the central government whereas he is supposed to be accountable to the local council as well.

The Urban Upgrade Project can be called a Garbage Can Model due to the complex, controversial and ambiguous nature in addition to lack of transparency and documentation on the subject, evaluating it proved difficult. However, we can still detect some positive and negative points.

The negative points include

1. The lack of planning in advance for these projects.
2. The lack of information and lack of transparency regarding the organization of the projects and most importantly, regarding the selection of the private partners.
3. The lack of participation of beneficiaries in the decision making process.
4. The violation of third party rights.

The positive points include

1. Introducing the concepts of partnership, contribution and participation. Even if some of the partnerships violated environmental laws or infringed third party rights, these flaws can be avoided in the future partnerships. The truth remains that these projects created a precedent of public private partnership, and a breakthrough in the history of Egyptian government to allow private actors to participate and fund and take the responsibility for delivering public service, a change which stirred debates both in government and society levels. According to March and Olsen, the persistent repetition of similar ideas and



arguments over long periods of time appears to make a difference<sup>175</sup>. As the first PPP took place in 1998, perhaps the idea of partnership and a larger role for the private sector is about to be clear for community members and governmental decision makers alike. The Educational Reform Project provides an example to follow in terms of planning and structure, selection of partners and division of tasks, transparency and documentation, among others.

2. Despite the lack of transparency expressed among the negative points, there is a consensus on the integrity of the governor Al Mahgoub, a point confirmed by the personal interviews as well the newspaper and magazine articles encountered. The governor's integrity encouraged people to contribute because they trusted that the money is going where it is said it is going.<sup>176</sup>

In order to call the experience of Public-Private Partnerships in Alexandria a success, we need to assess how institutionalized it is. In the case study chapters 3 and 4, we have seen that some of the PPPs have been more institutionalized, better structured than others. Therefore, we can not make a general statement on the PPP experience in Alexandria. Taking case by case is more appropriate. However, with the government's support and the current decentralization process and learning from past experiences of PPPs as well as sharing lessons learned from other governorates now that the PPP experience is replicated in several governorates, PPP's should be the best alternative for filling the gaps in public service delivery in Egypt.

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<sup>175</sup> March, James and Johan Olsen. *Rediscovering Institutions: The Organizational Basis of Politics*, Free Press, New York, 1989, p.87

<sup>176</sup> "A Match to the Task", *Al Ahram Weekly* 7-13 June 2001.



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