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Unilateral acts and peremptory norms (Jus Cogens) in the international law commission’s work

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Abstract

Purpose – This paper aims to explore the evolution of the notion of peremptory norms (Jus Cogens) in international law through the work of the International Law Commission on unilateral acts.

Design/methodology/approach – The study depended on analyzing the work of the International Law Commission on two topics: Unilateral Acts 2006 and Reservations to treaties 2011 to reveal the relation between Jus Cogens and unilateral acts.

Findings – Jus Cogens restrict unilateral acts like treaties due to the recognition of the importance and necessity of the concept of Jus Cogens in protecting the fundamental interests of the international community.

Practical implications – States must be compatible with Jus Cogens when making any reservation on a treaty and also when taking any unilateral act.

Originality/value – This paper reveals the importance of Jus Cogens in promoting the values of the international community and the need of such notion to protect the common interest of that community.

Keywords Jus Cogens, Peremptory norms, Reservations to treaties, Unilateral acts, Unilateral declaration

Paper type Research paper

1. Introduction

The relation between unilateral acts and Jus Cogens gave rise to an interesting doctrinal debate over whether peremptory norms apply on unilateral acts. Most of the scholars in International Law emphasize that unilateral acts must be a subject of Jus Cogens, as the prohibition of derogation from peremptory norms which is adopted in article 53 of the Vienna Convention on the Law of Treaties was a comprehensive prohibition that covered not only international conventions but also, prima facie, unilateral acts. So any act or legal position based on the will of any international person must conform to Jus Cogens, or otherwise be null and void (Hannikainen, 1988; Saab, 1967; Allain, 2001; Meron, 1986, 1988; Ford, 1994; Zemanek, 2010; Jennings, 1967; Meron, 1986; Czaplinski, 1990; Provost, 1994; Tomuschat, 1999).

Moreover, this fact is conclusively confirmed by the preparatory work of the Vienna Convention in two occasions: First, the former Soviet Union explained that the purpose of draft articles 50 and 61 on Jus Cogens was to prevent the use of treaties as a means of
legitimizing acts that violated the fundamental principles of international law (Schwelb, 1967). Second, the International Law Commission emphasized during the drafting of the peremptory norms provisions of the Vienna Convention on the Law of Treaties, that the invalidity of a treaty which conflicts with *jus cogens* stems from the fact that such rules are so essential and fundamental which deprive any conflicting act or position from its legitimacy. International judicial practice also reveals a similar approach. The Inter-American Court of Human Rights has recognized the expansion of *jus cogens* to areas beyond the Law of Treaties such as State responsibility and all legal acts (Commission, 1966).

On the other hand, some scholars rejected the previous approach, claiming that *jus cogens* could not apply to unilateral acts, as unilateral acts fell outside the scope of the Vienna Convention on the Law of Treaties because it concerned only bilateral or multilateral acts rather than unilateral acts. Thus, according to this view, it is not reasonable to say that unilateral acts represent a departure from peremptory norms to consider them invalid (Zimmermann, 1995; Sztucki, 1974).

In any case, the International Law Commission itself recognized that unilateral acts are fundamentally limited by *jus cogens* norms, as any unilateral act conflicts with such norms is invalid, through its work on unilateral acts of States 2006 and reservations to treaties 2011.

### 2. Jus Cogens in international law

The peremptory norms as a concept has been significantly influenced and raised in international law through the contributions of professor Verdross, who derived them from natural law. Verdross believed that there are rules having the character of *jus cogens* in international law as the general principles of morality or the common public policy of legal systems in civilized nations constitutes a restriction on the obligations of the contractual states. Verdross considered that these rules nullified treaties of immoral purpose which include:

- An international treaty that prevents the state from maintaining law and order on its territory.
- An international treaty that exposes the population of the state to distress.
- An international treaty binding a state to reduce its army in such a way as to render it defenseless against external attacks.
- An international treaty prohibiting a state from protecting its citizens abroad (Verdross, 1937).

After three decades, Verdross also emphasized that there are rules in international law having *jus cogens* character to satisfy the higher interest of the international community as a whole and these rules are absolute. Hence, he referred to some examples of *jus cogens* rules such as the prohibition of use of force and all rules of general international law that have a humanitarian purpose (Verdross, 1966).

These contributions influenced the work of International Law Commission on the Law of Treaties through adopting this notion in article 53 of the Vienna Convention. Therefore, the notion of peremptory norms became part of positive international law through the two articles 53 and 64 of the Vienna Convention on the Law of Treaties 1969. The treatment of both articles stems from the fact that a conflict between a treaty and a peremptory norm of public international law may be occurred (Vos, 2013). Article 53 stipulates that:

A treaty is void if, at the time of its conclusion, it conflicts with a peremptory norm of general international law. For the purposes of the present Convention, a peremptory norm of general international law is a norm accepted and recognized by the international community of States as a
whole as a norm from which no derogation is permitted and which can be modified only by a subsequent norm of general international law having the same character.

Article 64 of the same convention stipulates that:

If a new peremptory norm of general international law emerges, any existing treaty which is in conflict with that norm becomes void and terminates.

According to article 53 of the Vienna Convention, peremptory norms have a number of legal consequences (Stefan Kadelbach, 2006), which are:

- peremptory norms do not accept any exception even if it is unanimous;
- any reservations to provisions relating to peremptory norms are inadmissible; and
- any unilateral act leading to breach or violation of a peremptory norm may not be taken.

In this vein, it can be said that article (53) did not explain or specify what do peremptory norms mean? Consequently, there are many explanations for the origins of the peremptory norm and the basis of its obligation which imposed constraints on the will of states. In addition, the article did not indicate the process by which the rules of public international law were elevated to the level of peremptory norms and did not reveal how these norms were to be determined (Sual, 2014). Therefore, the delegates in the Vienna Conference included article 66 (a) as an attempt to remove the ambiguity surrounding the status of the peremptory norm in the Vienna Convention. The article stipulates that:

Any one of the parties to a dispute concerning the application or the interpretation of article 53 or 64 may, by a written application, submit it to the International Court of Justice for a decision unless the parties by common consent agree to submit the dispute to arbitration.

Despite the inclusion of this article and the recognition of the existence of peremptory norms as part of the fabric of international law, no authoritative standards have yet been found till now to determine the accurate legal content of peremptory norms and its implications within the framework of international law.

Since the inclusion of the concept in the Vienna Treaty, states, particularly the third world and socialist states, have sought to emphasize the existence of the concept of peremptory norms by including the term of peremptory norms in a number of conventions. Thus, the article (53) of the Vienna Convention on the Law of Treaties has been supported again by these states in the Vienna Conference of 1986 by restating this article and reproducing the same substantive and procedural provisions relating to peremptory norms of the Vienna Convention on the Law of Treaties between states, and international organizations or between international organizations (Shelton, 2006).

Also, the Law on State Responsibility kept pace with this development concerning peremptory norms. This was evident in article (26) of the Law of State Responsibility, which stipulates that: “Nothing in this chapter precludes the wrongfulness of any act of a State which is not in conformity with an obligation arising under a peremptory norm of general international law”. This article means that, In the event of a conflict between fundamental obligations, one of which concerns a peremptory norm, the obligation of the peremptory norm has priority. It is therefore not even permissible for the state to take countermeasures which are not compliance with a peremptory legal norm. For example, the state may not commit a crime of counter-genocide and may not use the plea of necessity to violate a peremptory norm. The text of the article is so clear and strict that peremptory cannot be violated.
In addition, article (41) of the Law on State Responsibility puts a set of consequences of serious breaches of peremptory norms[1], which are as follows:

- States shall cooperate to bring to an end, through lawful means, any serious breach within the meaning of article 40. It is, however, made clear that the obligation to cooperate applies to states whether they are individually affected by the serious breach of peremptory or not.
- The obligation of abstention, which comprises two obligations, first, not to recognize as lawful situations created by serious breaches in the sense of article 40 and, secondly, not to render aid or assistance in maintaining that situation (Czapliński, 2003).

It goes without saying that these articles concerning peremptory norms of the Law of States Responsibility have been included in the same legal drafting with minor modifications in form, and not in content in the draft of international organizations responsibility for 2011, in articles 26, 41, 42. The word “state” has been replaced by “international organization”. According to logical considerations, peremptory norms are binding rules also on international organizations as states. Therefore, international organizations cannot invoke any circumstances that precluding wrongfulness in case of non-compliance with an obligation arising under peremptory norms.

Two things should be noted about the consequences of the serious breach of peremptory norms (jus cogens) in the Law of State Responsibility and the Draft of International Organizations Responsibility, which are:

1. **First**, the consequences of breach of peremptory norms have been expanded. Previously, the only sanction resulting from the breach of a peremptory norm was invalidity in accordance with article 53 of the Vienna Convention on the Law of Treaties of 1969. However, the two drafts mentioned above also provided several consequences such as non-recognition, cooperation and other consequences.

2. **Second**, these consequences opened the way for the arrangement of other consequences for such breaches when the two drafts mentioned above added the phrase “under international law”. This phrase firmly reflects that the legal system of serious breaches was under development, that is, it has not significantly crystalized yet.

Furthermore, the international judiciary, especially the judiciary of the International Court of Justice (ICJ), has played a major role in crystalizing some aspects of the legal system of peremptory norms by the advisory opinions and the rulings rendered by the court in some cases in which issues of peremptory norms were raised. By reviewing these rulings and advisory opinions, there was a tangible development concerning the position of court towards of peremptory norms and its role in the international legal system. For example, in Nicaragua case (Nicaragua v. USA, 1986), the court pointed out only that the prohibition of the use of force is one of the norms of customary international law and It is the most prominent example of peremptory norms without specifying the nature, content and effects of those rules (Military and Paramilitary Activities in and Against Nicaragua (Nicaragua v. USA), 70 (ICJ Reports June 27, 1986).

However, the court has recently dealt with more details concerning peremptory norms where it established some norms as peremptory norms. For example, in the case of Questions Relating to the Obligation to Prosecute or Extradite (Belgium v. Senegal), the court held that: “the prohibition of torture is part of customary international law and become a
peremptory norm" (Questions Relating to the Obligation to Prosecute or Extradite (Belgium v. Senegal), 144 (I.C.J Reports July 20, 2012). Also, in the case of jurisdictional immunities of states (German vs Italy), the court considered various aspects of peremptory norms, including the relation of peremptory norms to sovereign immunity from jurisdiction, and held that the rules of immunities and peremptory norms in the law of armed conflict deal with different matters. Consequently, there is no conflict between them (Jurisdictional Immunities of the State (Germany v Italy; Greece intervening), 143 (I.C.J. Reports February 3, 2012). The court’s provisions also indicate that the prohibition of crimes against humanity is a peremptory norm (Orakhelashvili, 2012). The court also adopted a similar view on the relationship between peremptory norms and procedural rules in the case of armed activities in the territory of Congo (Democratic Republic of the Congo v. Rwanda), concluding that the crime of genocide was certainly a peremptory norm (Armed Activities on the Territory of the Congo, (Democratic Republic of the Congo v. Uganda), 126 I.C.J. Reports February 3, 2006).

Moreover, the decisions of the ICJ reveal an explicit obligation not to recognize any situation resulting from serious breaches of obligation arising under peremptory norms. This is evident in its earlier ruling concerning the case of military and paramilitary activities in Nicaragua against the USA. The court ruled that states may not recognize the legality of any acquisition of territory resulting from the use of force, based on the declaration of principles of international law concerning friendly relations and cooperation among states. In its advisory opinion on the legal consequences of the construction of a wall in the occupied Palestinian territory, it recognized that all states must not recognize this illegal situation and refrain from rendering assistance because the construction of this wall is a breach of a set of peremptory and fundamental norms of international law, which are: the prohibition of the use of force, the right to self-determination, human right and international humanitarian law (Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, advisory opinion, 131 (I.C.J. Reports July 9, 2004).

It should be noted also that the guideline (3-4-4) of the Guide to Practice on Reservations to Treaties makes the reservation ineffective on a provision of a treaty that reflects an obligation under a peremptory norm (jus cogens) of public international law[2]. In addition, the guiding principle of unilateral acts makes any unilateral declaration, which is contrary to peremptory norms, void.

In short, the concept of peremptory norms (jus cogens) expanded to most branches of international law and became a necessary and so essential concept in the life of the international community and the consolidation of the status of international law. The main function of these norms is to maintain the international peace and security, to protect peoples and individuals and to promote the fundamental values of the international community as a whole. According to the importance of these norms to the international community, there are a set of jus cogens rules accepted and recognized by it. These norms are the prohibition of use of force, genocide, slavery, racial discrimination, torture and the right of self-determination.

3. International Law Commission’s work on the codification of unilateral acts and the matter of jus cogens

The concept of jus cogens has become a preventive weapon in International Law because in practice, there are no known examples of treaties that derogate from such rules. In other words, the international practice did not witness any examples of treaties invalidity as a result of their conflict with a peremptory norm. It appears that States have attempted to circumvent the content of jus cogens by resorting to unilateral acts to depart from
peremptory norms rather than treaties, as unilateral acts have remained for a considerable period beyond the umbrella of restraint imposed by *jus cogens*, at least in practice (Diaconu, 2016).

However, almost of jurists, even authors that have expressed doubts about the concept of *jus cogens*, have accepted the fact that the prohibition of the use of force and the threat of the use of force in article 2 (4) of the United Nations Charter is an imperative rule from which States cannot derogate in their contractual relations and that *jus cogens* applies not only to treaties but also to unilateral acts that violate such rules (Diaconu, 2016).

This unstable relation between *jus cogens* and unilateral acts has been raised in the work of the International Law Commission on the codification of unilateral acts since 1996, which led to the adoption of the “Guiding principles applicable to unilateral declarations of States capable of creating legal obligations” in 2006 (Mik, 2013).

In the second report of the Special Rapporteur, Victor Rodríguez Cedeño, on unilateral acts of states in 1999, he attempted to discuss the issue of the invalidity of unilateral acts in the draft article 7. Paragraph (f) of this article dealt with the invalidity of a unilateral act if it conflicts with a peremptory norm at the time of its formulation (Victor Rodríguez Cedeño, 1999). In his commentary to paragraph (f), the Special Rapporteur explained that the legality of a unilateral act and its competency to produce its legal effects depend on the legality of its object which must be consistent with the norms of so-called international public order, on the basis of the principle set out in the 1969 Vienna Convention on the Law of Treaties. As unilateral act is void if it conflicts with *jus cogens*, the latter admits of no exceptions.

A point was raised in the International Law Commission after submitting the second report by the Special Rapporteur, concerning whether it would be desirable to follow the Vienna Convention approach with respect to the invalidity of unilateral acts (Commission, 1999). However, the Special Rapporteur had settled this issue when he considered that the approach of the Vienna Convention on the Law of Treaties of 1969 was proper as the grounds for the invalidity of an act were generally similar to the invalidity grounds for treaties. A unilateral act is therefore invalid if it conflicts with *jus cogens*. Although the earlier conclusion was not fully recognized within the Commission, as one member said that *jus cogens* rules should be applied more flexibly in the case of unilateral acts. But, the Special Rapporteur rejected that opinion for not raising further discussions on that issue, and to ensure the identical application of *jus cogens* in the international law field (Victor Rodriguez Cedeño, 2000). Therefore, in the third report of Cedeño in 2000, he repeated the same article of the invalidity of unilateral acts in a new article (article 5), which stipulates in paragraph (f) that: “A State may invoke the invalidity of a unilateral act .... If, at the time of its formulation, the unilateral act conflicts with a peremptory norm of international law” (Victor Rodriguez Cedeño, 2000, p. 264).

During the discussion of the third report in the International Law Commission, Alain Pellet suggested that, the Special Rapporteur should take into account in the drafting article 5, especially paragraph (f), not only article 53 but also article 64 of the Vienna Convention (Commission, 2000). Besides that, there was an objection to the formulation of the reasons of invalidity in one draft article. Therefore, the Special Rapporteur tried to overcome those issues in his fifth report of 2002, following two approaches:

1. formulating the causes of invalidity in separate articles; and
2. the inclusion of a special article on the conflict of unilateral acts with a peremptory norm to merge the observations of the commission’s members into the drafting of the new text.
After taking those observations into consideration, the new article was entitled “A unilateral act contrary to a peremptory norm of international law”. It stipulates that:

A State may invoke the absolute invalidity of a unilateral act formulated by one or more States if, at the time of its formulation, the unilateral act conflicts with a peremptory norm of international law (Víctor Rodríguez Cedeño, 2002).

It is noticeable from the wording of this article that the result of infringement of a unilateral act with *jus cogens* is the absolute invalidity, because such acts were invalid *ab initio* (Víctor Rodríguez Cedeño, 2002, p. 104 et seq.). The result of absolute invalidity is a logical consequence of *jus cogens* rules violation because it corresponds to the superior and overriding nature of those rules. On the other hand, the absolute invalidity means that the act cannot be confirmed or validated and any State could invoke its invalidity. Unlike the relative invalidity which can be confirmed or validated and only the injured State could invoke its invalidity (Víctor Rodríguez Cedeño, 2002, p. 106).

In this respect, most of the International Law Commission and the Sixth Committee’s members agreed with the Special Rapporteur’s view that absolute invalidity should be a legal result of unilateral act’s contradiction to a peremptory norm. However, there were some comments made by the committee’s members on the wording of the new drafting article, which were: first, it would be preferable to use the same language as in article 53 of the Vienna Convention on the Law of Treaties with respect to *jus cogens*. Second, it was not necessary to use different wording than in the 1969 Vienna Convention as it would weaken the provisions on invalidity prescribed in the parallel text of Article 53. Third, it would be better to use the term contained in the 1969 Vienna Convention, “peremptory” norm, and article 64 of the Convention on the emergence of a new rule of *jus cogens* must also be included. Fourth, the need to distinguish between cases of invocation of the invalidity of unilateral act and cases in which the act is considered to be null and void because of incompatibility with a peremptory norm. Since the invocation of invalidity by the author State or any other State is not led to the invalidity of the act, but its invalidity is determined under international law. Hence, any act contrary to *jus cogens* is null and void, regardless of whether any State invoked the invalidity. Fifth, the need not only to refer to a unilateral act which conflicts with a peremptory norm but also to a unilateral act which conflicts with a customary rule.

Those comments drew the attention of Special Rapporteur in his final report to the International Law Commission in 2006. In this report, Cedeño tried to include those comments in the new drafting of article 5(f), guided by the main idea which means that the causes of the validity of treaties are the same as those of unilateral acts, especially if the act conflicts with a peremptory norm. For instance, any unilateral act conflicts with a peremptory norm, such as the prohibition of the use of force, slavery, genocide or otherwise, is fundamentally invalid and null.

However, in the course of the Commission’s deliberations, a suggestion was made to change the aim of the committee from drafting a set of articles to put a set of guiding principles applicable to unilateral acts. So the Special Rapporteur formulated a new guiding principle, concerning *Jus Cognes*, reads as follows: “Any unilateral act which at the time of its formulation is contrary to (or conflicts with) a peremptory norm of general international law (*jus cogens*) is invalid”. This new text is somewhat consistent with the language included in article 53 of the Vienna Convention.

Despite this progress in the codification of unilateral acts, the International Law Commission, due to time constraints, was convinced by the recommendation of the working group to limit the topic to the unilateral declaration instead of unilateral acts. As the concept
of a unilateral act is not uniform, and unilateral declarations of States are capable of creating legal obligations under International Law. In other words, the Committee preferred to study unilateral acts in the strict sense (stricto sensu), which taking the form of formal declarations formulated by a State with the intent to produce obligations under international law. According to the work of the Committee on the unilateral acts, unilateral declaration could be defined as “declaration publicly made by states, orally or in writing, and manifesting the will to be bound may have the effect of creating legal obligations based on good faith”.

Accordingly, the guiding principle relates to jus cogens rules was drafted in the final report of the international Law Commission as follows: “A unilateral declaration which is in conflict with a peremptory norm of general international law is void”.

There are a number of observations on the formulation of this earlier guiding principle, which are as follows:

- This formulation reflects that the Commission took into consideration the language of jus cogens in article 53 of the Vienna convention in 1969, as well as article 64 on the emergence of a new rule of jus cogens. This is evidenced by the deletion of the phrase “at the time of its formulation” which included in the previous draft articles as this deletion means that the unilateral act would be bound by the emergence of a new peremptory norm in the future.
- The invalidity concerns only unilateral acts of states that issued formally by the officials such as Heads of State, Heads of Governments and Ministers for Foreign Affairs and other persons representing the State in specified areas falling within their competence, while informal unilateral acts were excluded from their scope.
- The principle did not distinguish between the formal declarations which issued orally or in writing in terms of effect.
- This principle, unlike the Vienna convention on the law of treaties in 1969, has not determined the consequences of invalidity of a unilateral act which conflicts with a peremptory norm of general international law. Therefore, it raises a question, whether the text of article 71 of the Vienna convention relating to the consequences of invalidity can be applied in this case?

4. **Jus cogens** in international law commission’s work on codification of reservations to treaties

The International Law Commission decided to include the topic “Law and practice relating to reservations to treaties” in its programme of work in 1993, and appointed Alain Pellet as a Special Rapporteur for the topic at its 46th session, in 1994.

In his tenth report about reservation to treaties, which was submitted to the committee in 2005, Pellet dealt with the reservations incompatible with the object and purpose of the treaty, including reservations to provisions related to peremptory norms. It was clear from the drafting of this report that Pellet had supported the inadmissibility of making reservations to provisions relating strictly to jus cogens, whatever the object of the reservation (Pellet, 2005). A reservation to a treaty provision involving a peremptory norm of general international law could not be formulated and the agreement would be null and void. According to Pellet, the invalidity of reservation is not based on article 19 of the Vienna Convention on the Law of Treaties (1969)[3], but on article 53, which recognized the essential and absolute nature of jus cogens.

However, the matter of making reservations to peremptory norms provisions was controversial in jurisprudence. Some writers in international law rejected to suspend effect
of the reservation on *jus cogens*, as the question of reservation validity depends on the self-judgment of the treaty parties and the provisions of article 20 (2) of the two Vienna Conventions (1969, 1986). Hence, the validity of the reservation under the treaty regime depends on whether the reservation is admissible or inadmissible by the other State, and not on the basis of compatibility with the object and purpose of the treaty. Therefore, the incompatibility of reservations with the object and purpose of the treaty has no practical legal significance, if the matter was to be self-judgment by the state at the end (Ruda, 1975). Also, article 53 on *jus cogens* did not in itself recognize such a prohibition (Sztucki, 1977).

On the other hand, most jurists stress the need to restrict the reservation to provisions that provide for peremptory norms. This is due to the fact that such reservation *per se* is not compatible with the object and purpose of the treaty (Ababu, 2010). In fact, a reservation, which is to be incompatible with peremptory norms, leads to violation of the reserving state and the state accepted the reservation of international law, as the reservation is a special treaty between the reserving state and the state accepting the reservation (Coccia, 1985). This means that such reservation is null and void (Edwards, 1989). This trend has been echoed in the international practice. The Human Rights Committee stated, in its general comment No. 24 on reservations to ratification or accession to the International Covenant on Civil and Political Rights on 2 November 1994, that reservations violating peremptory norms (*jus cogens*) are not to be compatible with the object and purpose of the Covenant (Committee, 1994).

Accordingly, a State may not reserve the right to engage in slavery, to torture, to subject persons to cruel, inhuman or degrading treatment or punishment, to arbitrarily deprive persons of their lives, to arbitrarily arrest and detain persons, or deny freedom of thought, conscience and religion. Such matters cannot be reserved (Redgwell, 1997; Linderfalk, 2004; Schabas, 1994).

Certainly, when the state makes a reservation to a provision in a treaty, it wished to absolve itself of the rule on which the reservation was based. When the matter relates to a peremptory norm of general rules of international law, such as the prohibition of genocide, the prohibition of torture or the prohibition of discrimination and apartheid, making reservation in question becomes impossible. These peremptory norms protect the very fundamental interests of the international community. How these norms are undertake their functions at a time when some states make reservations to them. This logic is not consistent with the absolute nature of peremptory norms (*jus cogens*). This absolute nature is evident in restricting “the rule of the persistent objector”.

Therefore, Alain Pellet stressed, in his tenth report, the need to prohibit any reservation to a peremptory norm because such reservation threatens first the integrity of a peremptory norm, whose application should be uniform (Pellet, 2005, p. 176). As a result of his faith in the special character of peremptory norms, Pellet specified a special draft in his report (the draft guideline 3-1-9) and did not consider them as a part of the draft guideline (3-1-8) relating to provisions of customary rules[4]. This indicates, *inter alia*, that:

- Pellet recognized the special and substantive character of *jus cogens* as a special category of general rules of international law.
- Pellet did not recognize the customary character of these rules because the customary character of the rule stipulated in any treaty provision does not constitute a constraint *per se* that precludes making a reservation.

It is understood that the customary rules adhere to “the rule of persistent objector”, so the reservation may be the means of persistent objector to show its determination to his objection.
During the discussion of the International Law Commission of the tenth report on reservations to treaties for 2005, a number of members expressed support for the report on peremptory norms, and considered any reservation to a provision involving a peremptory norm null and void for two main reasons[5]:

1. The state must comply with the conditions for the formulation of reservation such as conditions relating to form (as eligibility), conditions relating to content (as compatibility) with the object and purpose of the treaty and the absence of conflict with a rule of *jus cogens* (Commission, 2005).

2. The need to maintain international public order by not making reservations to peremptory norms whatever their importance (Commission, 2005, p. 200 et seq.).

Sreenivasa went beyond support, emphasizing that a guideline for peremptory norms is needless and any provision of treaty or any reservation to it that violates a peremptory norm becomes unenforceable virtue of that very concept. This is due to the fact that the principles of peremptory norms are of a higher category, and then the Commission should not associate these principles with a discussion of reservations (Commission, 2005, p. 198). While Fathi Kemicha illustrated that the comment to guideline (3-1-9) should demonstrates that this prohibition was not a result of article 19 (c) of the Vienna Convention, but rather was a consequence of the principle set out in article 53 of that convention (Commission, 2005, p. 199).

On the other hand, some doubts have been raised in the commission that the draft guideline (3-1-9) is useful. Giorgio Gaja objected to the absolute prohibition on reservations concerning peremptory norms imposed by the guideline, arguing that the state providing such reservation did not attempt to retain the right to violate the norm. According to Gaja, the prohibition of reservations to peremptory norms will be only absolute, if the reserving state aims, by modifying the legal effect of the provision, to purport to introduce a rule contrary to *jus cogens*. This would be the case if the state made a reservation to a treaty providing for the right of intervention to affirm that such intervention could include, where appropriate, the use of force (Commission, 2005, p. 193). Hanqin Xue has not been reassured about reservations to peremptory norms because they raise broad legal issues such as the relationship between the sources of law and the general principles of Treaties Law (Commission, 2005, p. 202).

In view of time constraints and the impossibility of reaching agreement on the draft guideline (3-1-9), the International Law Commission postponed the consideration of the draft guideline, concerning the compatibility of the reservation with the object and the purpose of a treaty and the question of the validity of reservations, to the 85th session of 2006 (Commission, 2006). The subject was discussed again in 2006, and then an initial consensus on draft guideline concerning peremptory norms has been occurred. Subsequently, this draft was transmitted to the drafting committee, which decided to change the title of the guideline from “Reservations to a provision setting forth a rule of *jus cogens*” to “Reservations contrary to a rule of *jus cogens*”. The committee also decided to change the text to read: “A reservation cannot exclude or modify the legal effect of a treaty in a manner contrary to a peremptory norm of general international law”. Yamada, the chairman of the Drafting Committee, explained that the reason for this was due to Commission (2007b), Summary records of the meetings of the 59th session:

- There is a divergence of views on the usefulness of this guideline. In particular, some depended on the draft guideline of customary rules on the grounds that it introduces a solution which is applicable to peremptory norms. However, this trend has been rejected. It was believed that a draft guideline should be singled out for
peremptory norms due to its distinctive character. This character has been expressed by the ICJ in many of its provisions.

- The draft guideline did not deal with, in its original form, the case where the treaty does not include peremptory norms. However, a reservation to that treaty could affect one of those norms. Therefore, the Commission of International Law decided to deal with the issue from the perspective of the reservation itself, as a reservation could not, by its legal effects, modify a treaty in a manner that is contrary to a peremptory norm.

This means that the draft guideline, as it had appeared in the 2007 report of the International Law Commission, is a compromise between two opposing trends within the International Law Commission. Supporters emphasized that the peremptory character of jus cogens made the reservation void. However, opponents justified the validity of this reservation as long as it did not affect the norm per se (Commission, 2007a). The first trend found its supporters in the sixth Commission of the United Nations General Assembly, such as Austria, which had approved the draft guideline concerning peremptory norms and had not made any critical comments (Committee, 2007a). Similarly, the second trend has its supporters. For example, China held that the formulation of independent guidelines concerning peremptory norms is an inappropriate matter because reservations incompatible with a rule of jus cogens were usually incompatible with the object and purpose of the treaty (Committee, 2007a). The Philippines also stressed the need to reconsider inclusion the guideline (3-1-9) in the draft guideline (3-1-8). This is due to not only the theoretical problems surrounding the concept of jus cogens but also the article 65 of the Vienna Convention did not specify a means through which the conflict between a reservation and peremptory norm, arising from the application of the draft guideline in question, could be settled (Committee, 2007b). This indicates that the Philippines appealed against the draft guideline on peremptory norms because there was no a clear mechanism for settling disputes between reservations and peremptory norms.

However, the International Law Commission adopted Guide to Practice on Reservations to Treaties in 2011. Also, recommend to the General Assembly to take note of the Guide to Practice and ensure its widest possible dissemination (Commission, 2011). The Commission has incorporated the draft guideline (3-1-9) in the guideline (4-4-3) titled: “Absence of effect on a peremptory norm of general international law (jus cogens)” (Commission, Report of the Commission to the General Assembly on the work of its sixty-third session, 2011, p. 43), which stipulates that:

- A reservation to a treaty provision which reflects a peremptory norm of general international law (jus cogens) does not affect the binding nature of that norm, which shall continue to apply as such between the reserving State or organization and other States or international organizations.

- A reservation cannot exclude or modify the legal effect of a treaty in a manner contrary to a peremptory norm of general international law.

Some observations on the previous text can be made, which are as follows:

- This text did not exclude the question of reservations to a peremptory norm, but at the same time emphasized that such reservations did not affect the binding character of jus cogens. This binding character of jus cogens continues to apply in the relationship between the reserving state or organization and the states or
organizations that have accepted the reservation, that is, peremptory norms have not lost its binding character of making reservation.

- The text obligates both states and international organizations to adhere to peremptory norms in their mutual relations.
- The text refers to the need not to making reservation on provisions in a treaty because the reservations to such provisions may lead to conflict with a peremptory norm of general rules of international law.

Although, this guideline is progressive per se, given the relative novelty of the concept of peremptory norms of international law, it has poor drafting. On the one hand, the text did not prohibit the reservation to treaties involving peremptory norms, and it did not refer to the consequences of a state’s reservation to provisions involving peremptory norms or reservation to provisions that conflict with existing peremptory norms on the other hand. Not to mention the fact that the text did not address the case in which new peremptory norms appear under article 64 of the Vienna Convention on the Law of Treaties of 1969.

5. Conclusion

It is clear, from the review of the work of the International Law Commission on unilateral acts and reservations to treaties, that the subject of peremptory norms has formed a major part of the work of commission. Indeed, the issue of peremptory norms was a source of great interest within the Commission. The inclusion of this notion in the works of the Commission on the unilateral acts reveals the stability of the notion of peremptory norms in the conscience of the international community as a whole, and the expansion and penetration of this notion in all areas of international law. Because the applicability of peremptory norms to unilateral acts was a matter of considerable controversy in the field of international law before the work of Commission.

The development of peremptory norms at the international level can be attributed to:

- The recognition of the importance and necessity of the concept of peremptory norms in protecting the fundamental interests of the international community.
- The firm belief that it is not possible to derogate from these basic norms in the life of the international community. The norms of the prohibition of the use of force, genocide, torture, slavery or the right to self-determination cannot be the object of any act, whether was treaty or unilateral, which violates these norms.
- The recognition of the moral aspect of international law as the peremptory norms represent the rules of international public order.
- The recognition of the primacy and supremacy of these peremptory norms from other rules of international law, reflecting the existence of a kind of hierarchy between the rules of international law.

Therefore, these peremptory norms prohibit any treaty or unilateral act that conflicts with it. Accordingly, peremptory norms have become an indispensable concept nowadays. The judiciary of the ICJ is guided by these norms and has been directly referred to them in a number of cases such as the case of Jurisdictional Immunities of the State: (Germany v. Italy: Greece Intervening) and case of Questions relating to the Obligation to Prosecute or Extradite (Belgium v. Senegal). Furthermore, peremptory norms have extended to the law of state responsibility, the draft of international organization responsibility, the field of extradition, the decisions of Security Council and the universal jurisdiction.
Notes

1. Article 40 of Responsibility of States for Internationally Wrongful Acts 2001, stipulates that: “(1) This chapter applies to the international responsibility which is entailed by a serious breach by a State of an obligation arising under a peremptory norm of general international law. (2) A breach of such an obligation is serious if it involves a gross or systematic failure by the responsible State to fulfil the obligation”.

Article 41, stipulates that: “(1) States shall cooperate to bring to an end through lawful means any serious breach within the meaning of article 40. (2) No State shall recognize as lawful a situation created by a serious breach within the meaning of article 40, nor render aid or assistance in maintaining that situation. (3) This article is without prejudice to the other consequences referred to in this part and to such further consequences that a breach to which this chapter applies may entail under international law”.

2. This guideline stipulates that: “(1) A reservation to a treaty provision which reflects a peremptory norm of general international law (Jus Cogens) does not affect the binding nature of that norm, which shall continue to apply as such between the reserving State or organization and other States or international organizations. (2) A reservation cannot exclude or modify the legal effect of a treaty in a manner contrary to a peremptory norm of general international law”.

3. Article 19 of the Vienna Convention on the Law of Treaties stipulates that: “A State may, when signing, ratifying, accepting, approving or acceding to a treaty, formulate a reservation unless: (a) The reservation is prohibited by the treaty; (b) The treaty provides that only specified reservations, which do not include the reservation in question, may be made; or (c) In cases not falling under subparagraphs (a) and (b), the reservation is incompatible with the object and purpose of the treaty.

4. The guideline (3-1-9) stipulated that: “A State or an international organization may not formulate a reservation to a treaty provision which sets forth a peremptory norm of general international law”.

5. The guideline was supported by a number of the International Law Commission’s members such as Maurice Kamto, Paula Escarameia, Fathi Kemicha and Constantin Economides. While opposed by Giorgio Gaja and Hanqin Xue.

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Abstract

Purpose – This paper aims to address to what extent local administration is involved in national planning focusing on drafting and reviewing processes of “Egypt Vision 2030”.

Design/methodology/approach – The paper plan to use focus group discussions and descriptive-analytical approach with representatives of local administration in three governorates.

Findings – Importance of local participation is not any more a question; however, participation concept and methodology are what matters. Participatory approach is not complex-free. It is crucial to consider conflicts of interest groups, ideologies, and political trends, communities’ high expectations, particularly of those who were marginalized and deprived for long time. Definitions should not be unified on national, regional and local levels. Each community needs to agree on its own definitions, needs, dreams and paths toward development. Accordingly, the role of the planner is to expand choices and opportunities for each citizen. Participation in planning for the future must include the coming generation who are opting to live this tomorrow. That requires institutionalization of youth participation in the decision-making processes.

Research limitations/implications – It was difficult to ensure meeting adequate sample; however, the author does believe that the participated sample represents the case.

Practical implications – The impact of public participation in planning on enhancing the planning processes and strategic planning outcomes and implementation is not a matter of questioning anymore, although governments do not pay due attention.

Social implications – Public participation in planning processes named participative planning is crucial for achieving development, social justice, economic development and public trust in governments.

Originality/value – The paper depends on focus-group discussions that were conducted by the author. Analysis and discussions reflect the author’s academic and practical experiences.

Keywords Strategic planning, Egypt vision 2030, Local administration, Participatory planning, Regional planning

Paper type Case study

Theoretical framework

Human civilization is witnessing the “Digital Age”. That drafts a new developmental context featured by the fourth industrial revolution (4th IR), reviewing the role, structure and composition of the international organizations, changes in economic conditions, changes in the international economic and political powers, changes in the power of resources as
information and innovation replaced land, labor and capital, not to forget the geopolitical changes. On the challenges side, the world is facing common challenges such as the climate changes, wars and civil conflicts, terrorism, increasing number of migrants and refugees, poverty rates, epidemic diseases. That in turn, led to dramatic, continues and rapid changes in the concepts and definitions of development and its affiliated aspects (Flor, 2009).

In light of these changes, planning for development must consider calculating the related complexities of input-output systems, particularly within a consumer-demand market, compared to the state-led market, calculating the social accounting matrices relevant to each policy alternative and/or structural reform, as well as the direct adverse impacts of economic welfare of the human well-being. Kornai (1992), Kornai (1997) addressed three types of developmental strategies; “Rushed Growth” where industrialization will result in human development which proved to be inappropriate, “Harmonic Growth” highlighting on the importance of having a balanced investment for economic as well as none-economic aspects, and the presently prevailing strategy that is “Human Development First” that gives priority to investing in social capital overheads, however, the economic impact of these investment depends on three elements that are politics, institutions and culture (Copestake, 1999):

Comprehensive reform is not fiscal firefighting, but a radical social transformation that must not be conducted at breakneck speed. Sufficient time must be allowed for programs to be carefully drafted and political support to be mobilized. (Kornai, 1997)

“Leaving No One Behind” is the recent slogan of global developmental philosophy. This approach raises serious questions on how to manage the fickle effects of economic development, whereas the progress in someone’s indicators may lead to another one’s regress? (Copestake, 1999). How to consider the complex diversities of the local context? What are the main foundations of a sufficient role of the state in setting its long-term strategy? And how to cure the long term effects of implemented destructive policies?

[...] is the prioritization and fast-tracking of actions for the poorest and most marginalized people – known as progressive universalism. If instead, policy is implemented among better off groups first and worst-off groups later, the existing gap between them is likely to increase (Overseas Development Institute, 2017).

Accordingly, participatory planning could be seen as a key cornerstone as centralization failed in providing long-term sustainable development, compliance to the central plan might work against innovation hindering the strongly proved positive local culture-innovation relationship. Hence, the role of local institutions, mainly local administration, in mobilizing local communities is crucial for achieving development:

[...] the best development strategy is ‘path dependent’ or depends upon its historical endowment (Copestake, 1999).

Coping with the ongoing rapid-complex changes, which is a main feature of the current world, made the concept of “Grand Strategy” questionable, as public policies are most likely to be short-termed and ready to modifications all the time. In addition, the prevailing of “Populism” concept in public policy formation and the appearance of the “Agile Organizations” concept that appeared in response to rapid changes and the tendency toward short-term public policies. Figure 1, illustrates the different levels and contexts of the ongoing changes and its complex implications. Where universal long-stable concepts are getting to be controversial and debatable such as democracy, strategic planning and strategic dialogue. That could be attributed to the components of the new world resulted from the 4th IR and its economic, social and geopolitical implications, the SDGs, climate change, the raising of the concepts such as; national identify, democratic planning, agile
organizations changing role of the state and that of the social sciences in changing structure and performance of governmental, private and community organizations, as well as universities and research institutions. Interactions among all these elements should be reflected on the role of the local administrations and local communities in development. All that together reflects a start of the new approach of "Managing Development" characterized by short-term policies, populism, agile organization and wide interventions of citizens and local communities. Hence, the role of local administration should be given adequate theoretical and empirical importance.

Planning for development, considering the recent global changes, requires rethinking many issues particularly planning theories and feasibility, as well as the role of local administration and local communities. In the below section, a reflection on planning theories and its implications on the concept of local administration/community participation, negatives, difficulties and limitation of applying participatory planning, as well as a reflection on participatory planning-good governance relationship.

**Debating theories and feasibility of planning**

The fourth industrial revolution (4th IR), like its predecessors, provides a deep developmental shift, raising important questions such as; which theory and methodology of planning fits within the 4th IR and its constituents? Do we need a new theory? Does the 4th IR deconstruct the traditional planning approaches?

Recent literature indicates that the “Grand Strategies” concept became debatable in many aspects. In the science of wars, the concept is not applicable any more due to the rapid changes and complex interrelations between political and international relations, economic and social aspects (Simon and Peter, 2017). Literature debates are also increasing on the feasibility of strategic planning for development. Roger L. Martin stated that practitioners

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**Figure 1.**

Illustration of the current international developmental context

**Source:** Illustrated by the author
fall in fatal mistakes producing a shallow plan (Martin, 2018). Examples of these mistakes are; planners being taken by producing strategic plan rather than strategic choices, filling in a static format rather than innovative choices, decisions and choices are built on cost and resources rather than on citizens’ dreams and extracting opportunities.

Theories of planning have been developed over the years reflecting global changes. Two main schools of planning could be extracted. The first school is the “Comprehensive-Rational Planning School” which resulted due to the industrial revolution (1800-1890). It aimed to transferring industrialization into local communities through central management and top-down planning. Two main planning models were introduced by this school. “Blueprint Planning” model that gave wide space of participation only to the elites losing the identity of the public in favor of that of the elite technicians:

In an orthodox planning context, development projects that bring in external financial or technological assistance are more likely to be approved even if they might cause environmental or social damage. (Khan and Swapan, 2013)

During the late 1950s and early 1960s, the “Synoptic planning” model introduced the term “public participation” for the first time to be achieved through participating in identifying goals and targets, depend on quantitative analysis and predictions, considering identity, setting alternative policy options, and evaluating means against ends. Lindblom’s, 1982 has criticized the comprehensive - rational school – illustrated in his work “Science of Mudding Through” (Alford and Greve, 2017) introducing a new school entitled “Participatory Planning” that accompanied with the rise of the concepts of “urban planning” and “community development”. This school were illustrated in many theories such as the “Incrementalism” introduced by Lindblom, 1982 where functional planning requires incremental decision through a less centralized management approach giving strong voices to none planners. However, it focused on reactive public participation not proactive one, as public participation was given minimum limited room to evaluation of already taken decisions. In 1968, Etzioni in his “Mixed Scanning Model”, suggested to divide planning processes into two categories that are strategic and tactics. However, it did not help more involvement of local communities as focused on reaching better goals apart from the viewpoints of the local communities. Planning decisions remained centralized and top-down. In 1980, John Forester introduced the theory of “Communicative Planning” in which the role of planners is to keep varied channels of communication with the citizens in order to find solutions based on a democratic sharing of ideas (Andrew et al., 2014). He also debated the “humanist or phenomenological theory of planning” where practitioners assume that they can transform or replicate one best practice from one context to another one regardless of its specifications:

Participation, in practice, ranges from simply informing people about the plan to ensuring that the plan is made by the people (Arnstein, 1969).

Friedmann (1973) has developed a theory of “Transactive Planning”, where citizens provide a daily information and knowledge, while planners provide the know-how of planning procedures (Liqun et al., 2015). The “Radical Planning” theory introduced later aimed to achieving equity and community development based on community participation. Subsequently, “Bargaining Model” and “Communicative Approach”, both were introduced highlighting on the importance of managing the positions or attitudes of the different interest groups, hence, participation of each interest group is a core principal of these two theories. “Communicative Approach” added a very important issue that is the importance of
the attitude of planning entities toward local administration/community participation in planning as a cornerstone in designing planning processes (Khan and Swapan, 2013).

The importance of this “Radical Planning” theory is merging the social theory within the planning processes, however, that linkage in many developing countries is still questionable raising the issue of free national planning and free developmental choices that fits each nation’s priorities, challenges and specifications, apart from the westernized pattern of development (Abukhater, 2009).

In sum, reviewing the appropriateness of the applied planning theories and methodologies is crucial in order to overcome the related difficulties. Planners face difficulties in building a comprehensive and effective plan considering the ever-increasing complexity, uncertainty and rapid change of decision-making inputs. Applying “Participatory Planning” needs exerting efforts to focus on the enhancing rules and mechanisms of local administration and/or community participation in planning, taking into consideration the specifications of the 4th IR and its social, economic and political consequences.

In light of this complex context, improving the national planning requires each nation to discuss and deeply analyze the following issues:

(1) Appropriate methodology/approach of participation: designing local community participation processes is not an easy task as it contains many sophisticated issues such as:
   - participation should not only be limited to discussing needs and priorities of development, however, to include budget planning as it helps achieving effective governance of public investment management, building community-based indicators and scenarios that considers the built measures and the perceived consequences;
   - participatory approach is not complex-free, as conflicts created among interest groups, ideologies, political trends, high expectations of communities, particularly of groups who were marginalized and deprived for long time; and
   - existing conflicts between current and future issues, problems and possible solutions.

(2) Role of local administration: there are enormous approaches and methods of local administration and community participation in national planning. Asia Development Bank (ADB) has introduced a “Participatory Development Framework” where all stakeholders can influence and share control over developmental initiatives, decisions and resources that affect themselves.” (ADB, 1996). Such framework, requires sincere efforts in formulating clear agreed-upon definitions of what is Development? Who are the stakeholders (defined by name, category, representation and degree of influence)? Who to participate? Taking into consideration that these definitions should not be unified on the national level, however, each region and/or local community need to agree on its own definitions:

(3) Assessing the quality of participation: quality assurance principals proved to be an effective tool in assessing the efficiency of participation in national planning (Farouk et al., 2011). Farouk et al. (2011) introduced an operational definitions regarding national planning processes for the twelve quality assurance principals that are openness, earliness/early involvement, completeness, continuity, reliability, competence, benefits, shared vision, equitable power, communication

Case of “Egypt vision 2030”
channels, adaptability, integrity, patience and perseverance. They concluded that application of that approach on Egypt case provided valid results.

(4) Selection of participants: efficiency of participatory planning depends on the quality and proper representation of the participants. Some empirical studies (Creighton, 2007 and Slavikova and Jilkova, 2011), indicated that in most cases, there are some predetermined group of participants who are consulted through each of the different participative mechanisms (public hearing, public meetings, etc.). Fagence (1977) indicated that invitation to public participation mostly run under a type of perverted democracy where participation is mostly managed by the state authorities rather than local community organizations, resulting in participation of a certain group.

(5) Cohesion: does the participatory planning system ensure representation of all categories, particularly marginalized ones such as youth, elderly people, women and disabled categories. Importance of youth participating in planning, although it is not a focus issue of this particular study, however, it is a growing field of study. Francis and Lorenzo (2002) in their study (2002), indicated that “the field of planning has begun to acknowledge the importance of serving the youngest generation”. Checkoway et al. (1995) and Adams and Ingham (1998), indicated that despite of all efforts exerted to promote youth participation in planning, over the last three decades, it still very limited compared to that of adults’ participation. The issue of Who plan for tomorrow? Present generation or coming one who are opt to live this tomorrow? Is also important issue, let alone the problem of the institutionalized marginalization of youth in planning and decision making processes? (Farouk et al., 2011).

(6) Pseudo vs genuine participation: Deshler and Sock (1985) have divided participation in two categories; pseudo participation where citizens are to be informed of an already designed plan, while genuine participation where citizens have the channel to share their information, needs, knowledge […] etc. Governments are to choose between the two approaches according to its acknowledgment and believe in the importance of citizens’ participation (Sanoff, 2000). That depends on the level of applied decentralization and democracy. According to Abraham Lincoln (1864), democracy is defined as “government of people, by the people for the people”, accordingly, participatory planning is not but a tool for achieving democracy (Chado and Johar, 2015). In light of this, efficiency of citizens’ participation reflects the level of democracy that aims at facilitating citizens’ engagement in the planning processes.

(7) Ladder of participation: Arnstein (1969) introduced the “Ladder of Participation” as a main tools used in assessing citizens and/or local community participation in planning (Figure 2). She divided citizens’ participation into eight rungs according to their level of influence in forming, implementing and evaluating public policies. These rungs escalating from none participation level to the highest level where citizens have full control reflecting on the role of both the state as well as citizens themselves.

(8) Liqun et al. (2015) in their study of participation in planning in China, proved that despite the fact that by law – The Urban and Rural Planning Act enacted in 2007 – set clear procedures, duration and type of public participation in each stage of planning including all compilation, decision, implementation and revision stages, practically speaking. They resulted in pervasive formalism and ineffective
public participation; however, the public are mostly informed and rarely consulted only after drafting and/or making the decisions. Manipulation, which is the lower stage at Aenstien’s ladder, is likely to be prevailing particularly when public notice and public hearings are compulsory and forced by law (Liqun et al., 2015). In Nigeria, Chado and Johar (2015), in their study of public participation, indicated that despite all legislative enforcement of public participation in planning that took both traditional and voluntary formats where lots of efforts are exerted in this regard, it did not achieve and degree of citizens’ power; citizens’ control, delegated power and partnership (Chado and Johar, 2015). Both concluded that enforcement of participation by law was not an effective way to ensure participatory planning.

(9) Considering the voices of local communities: participation and consultation methods are numerous. Examples include citizens’ juries, citizens’ panels, focus groups, consensus building exercises, surveys, public hearings, open houses, citizens advisory committee, community planning, planning cells, consensus conference, visioning, notification, distribution and solicitation of comments, referenda, structured value referenda (Abelson et al., 2001). National planning mechanism must employ a well-designed package of these tools that allows effective community participation. The role of local administrators is to decide most effective approaches of participation that fits their local communities and communicate their voices to planners. That depends on governments attitude toward considering the viewpoints of local communities and reflecting that into the plans. Planning practitioners need to consider the theoretical and empirical literature that proved the following:

- high quality of outputs, accordingly outcomes, long term participation strategy compared to that of workshop approach;
the long-term impact of flexible and dynamic planning compared to fixed and static planning;

- the cost of participation is very low compared to both tangible and nontangible gains; and

- the importance of time of participation compared to delay in development due to male/lack of participation (Farouk et al., 2011).

(10) How results of participation are reflected on the plan? To what extent planners seriously reflects the comments, discussions, feedbacks and viewpoints of the local communities into plans? Most likely, there are neither detailed procedural requirements nor stipulations to guarantee the quality of participation. That raises a question regarding the efficacy of participation (Liqun et al., 2015).

Negatives and difficulties of participatory planning
Participatory planning constitutes a big dilemma. Despite of the consensus regarding the importance citizens’ participation in planning, it is important to consider the relevant challenges (Day, 1997). Schumpeter (1943) reflected an important issue that citizens mostly think of short-term issues rather than strategic ones. MacNair et al. (1983) addressed problems such as; government’s expectations of citizens’ participation are mostly much higher than the actual ones, local administrators use citizens’ participation only when feels week and need to get more support, on a contrary scenario, local administrators may not be willing to give the public such power. Etzioni-Halevy (1983) highlighted on challenge of wide citizens’ participation and decentralization might transfer the power of the state, public policies and decisions, to the most powerful interest groups within each community, leading to corruption and exploitation. Henig (1982) raised the issue of citizens’ participation mostly results in deconstructive rather than constructive comments either because state’s opposing political parties exploit this window to weaken the running government, or because it is easier for the citizens to give negative comments rather than provide solutions. Grant (2002) raised issues as; citizens’ participation in policy-making procedures requires dedicating resources that citizens do not have or might not be willing to give, the quality of the knowledge and qualifications of the regular citizens and its impact on the quality of participation’s outputs. Almond and Verba (1989) raised the issue of pubic tendency to address themselves, as subjects not citizens, hence, are not willing to participate in the first place. Stivers (1990) believes that due to the current sizes and complexities of states and its cities, face-to-face participation is impossible. Barber (1981) indicated that citizens’ participation might create conflicts more than reach consensus which harms the social stability.

In conclusion, most of these ideas worth considering, particularly in developing countries, which puts more responsibility on planning practitioners to find out the most suitable methodology to reach effective participatory planning reflecting more on the role of local administrators in so doing.

Participatory planning and good governance
The concept of “Good Governance” provides a great opportunity to reforming planning and overcoming the pitfalls of both comprehensive-rational and participative planning theories (Khan and Swapan, 2013). Participatory planning also helps achieving good governance through; balancing interest groups and competing powers, achieve social
equity as it provides room for all to share knowledge and needs, shared responsibilities of planning and policy choices between government and the local community (Liqun et al., 2015). It could also be seen as a tool for mobilizing local community participation (Maged et al., 2016).

[..] sound governance is pre-requisite to bringing about efficiency and effectiveness, and to encourage effective participation in planning, management and public service delivery. In addition to functionality, good governance also covers aspects related to democracy. Participatory development, democratization and human rights are thus seen as in-built elements of good governance (Sarker, 2008).

Accordingly, participatory planning depends on the level governance within each community. Participation mechanisms in developing countries and among different communities within the same country, must follow variant participatory approaches than that applied in development countries considering the historical, present and revolutionary specifications as well as the developmental status of each community and how it reflects on the translation of the national plans into roles and responsibilities on the different administrative levels through a coherent political-economic-administrative framework (Loughlin, 2012). Currently, due to raising-up of public awareness, particularly among the youth, existence of new players, interest groups, community organizations and networks, it’s impossible to neglect their opinions, attitudes, thoughts and norms, technologies, dreams and priorities. In other words, the different meanings and understanding of what development is, for each category and/or community, should never be neglected if planning for development is really targeted. Central governments cannot anymore remain the sole player. That requires rethinking the philosophy behind national planning, not only the processes (Nassar et al., 2012).

To conclude, local administrators’ participation is crucial for successful planning (Allam, 2005). However, to play this role, each administrative level up-to citizens’ level needs elaboration of the plan and what is his/her expected roles and responsibilities (de Souza and Arica, 2002). This concept of modern participatory planning depends on sufficient feedbacks from implementations, knowledge and attitudes of local administration and municipalities, that must be reflected on local/regional strategies and tactics but not the national strategies and goals (Amdam, 1994). Considering the current era and its specifications, mainly the high level of complexity, connectivity, multi/inter-disciplinarily, interdependency and the new role of governments, it is important to understand that local strategic initiatives cannot be designed apart from the global and national developmental paths, tendencies and activities (Ruano, 2015; Nassar et al., 2012).

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<td>9</td>
<td>2</td>
<td>9</td>
<td>316</td>
<td>336</td>
</tr>
<tr>
<td>Menia Governorate</td>
<td>9</td>
<td></td>
<td>17</td>
<td>361</td>
<td>387</td>
</tr>
<tr>
<td>Ismailia Governorate</td>
<td>7</td>
<td>3</td>
<td>7</td>
<td>39</td>
<td>56</td>
</tr>
<tr>
<td>total sample</td>
<td>25</td>
<td>5</td>
<td>33</td>
<td>716</td>
<td>779</td>
</tr>
<tr>
<td>Sample as % of Egypt</td>
<td>11%</td>
<td>5%</td>
<td>4%</td>
<td>15%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: CAPMAS, Egypt. www.capmas.gov.eg

Table I. Sample as % of total Egypt’s administrative system

Case of “Egypt vision 2030”
Egypt’s path toward development
Efficiency of national planning is very crucial in achieving development, particularly for countries in transition such as Egypt that is drafting a new social contract featured in Egypt’s 2014 constitution after two revolutions in three years (Jan 25, 2011 revolution and June 30, 2013 revolution). One of the main forces of change impeded in such constitution is “decentralization” as “article 176” indicates that the government is to support the application of financial, administrative and economic decentralization. That complements with “Egypt Vision 2030” launched in 2015 and the Sustainable Development Goals (SDGs) that Egypt committed to at same year. Legislative actions reforming planning mechanisms are taking place in Egypt, as relevant laws are drafted and under discussions mainly unified planning laws, decentralization and local administration laws. In light of the aforementioned reform, the role of local administration in planning is significantly changing.

The ongoing political, economic and social dramatic changes happening in Egypt are changing roles, levels of involvement and types of participants in the planning processes, made the national plan sort of new social contract/framework for partners of development.

Adopting Egypt’s sustainable development strategy
In 2015, Egypt has launched its sustainable development strategy entitled “Egypt Vision 2030”[1] aligned with the global sustainable development goals (SDGs) that Egypt committed to at same year. Important to mention that “Egypt Vision 2030” had provoked a debate among scholars and practitioners regarding the methodology, ideology and the philosophy behind it. Same debate tackled the conveniency of the SDGs to the priorities, challenges and the national development path.

In 2018, the Egyptian government declared a review of “Egypt Vision 2030” in order to ensure coherence and appropriateness. That is considered a positive step, although results of this review is not crystalized yet.

Analyzing “Egypt Vision 2030” drafting processes, as declared by the government (Ministry of Planning, Monitoring and Administrative Reform, 2016), including list of participants, participation methodology, number of meetings, working groups and community dialogue meetings, conclude that national planning in Egypt requires revision of philosophy, concepts, definitions, methodologies and processes as well as revising the regional and local developmental current foundations and conceptual framework.

The declared methodology indicated deploying the “workshop” approach where participants included experts, academic, representative of the private sector, NGOs, ministries, international developmental and financial organizations. YES, social dialogue with women organizations, youth groups, political parties, parliament, academics, experts’ groups, NGOs have been conducted to discuss the strategy’s first draft, HOWEVER, local administration and local community were significantly neglected in both drafting and social dialogue stages. In addition, the reflection of the social dialogue’s feedbacks on drafting the “final version of the “Egypt Vision 2030” is also a questionable issue.

Scope and method
This paper aims to addressing and discussing the level of involvement and knowledge of local administration regarding “Egypt Vision 2030”. What information do they know about it? Have they ever been involved during either the drafting or the reviewing processes? Does it fit with the needs and priorities of local communities? Do they feel any progress toward “Egypt Vision 2030”?

The paper depended on two main methodologies that are; focus-group discussions (FGD), and descriptive-analytical approach to discuss the findings of the FGDs.
Four focus-group discussions were conducted covering local administrators in three governorates that are Monifia, Minia and Ismailia[2]. The three governorates were selected, as each of them is part of Egypt’s ongoing national mega comprehensive developmental projects where huge focus and investments are allocated to these governorates. In addition, they represent around 12 per cent of Egypt’s total population in (CAPMAS, 2017)[3], and around 13 per cent of total administrative units in Egypt.

FGDs were conducted during March-July 2018[4] covering chiefs of Markaz, city and villages and/or deputies, representatives of local offices of different ministries, and a group of lower managerial level of governorate principal office (Table II). Two groups were conducted in Monifia governorate. The 1st FGD consisted of 20 persons who are heads of cities, districts and Markaz, can be called as “strategic people” who are responsible of making the strategic plans and decisions, in addition to 10 of the lower management. The 2nd FGD consisted of 30 deputies and/or assistances of the heads of cities, districts and Markaz who can be named the “operational people” as they are responsible for implementing plans and decisions. In the other two governorates (Minia and Ismailia), only one group in each governorate were conducted each consisted of 20 people who represent both strategic and operational local administration.

In each FGD, participants were divided into groups, each of them was given one of the ten pillars of “Egypt Vision 2030”[5] and its affiliated programs, and were asked to do the following:

- tell about their involvement in drafting processes of “Egypt Vision 2030” conducted in 2015 and/or the review processes that took place during 2017-2018, if any;
- explain their general knowledge of “Egypt Vision 2030”;
- present and discuss the pillar they were given and its affiliated programs, indicating their viewpoints in light of the needs of their local community of this pillar;
- select three programs to be of the top priorities of their local communities; and
- address important issues that are not included by this particular pillar.

After the presentation of each group, the facilitator (the author) opens a discussion with the rest of the groups to reach a consensus on needs and priorities of their local communities.

Limitation of the study

- The paper does not plan to indicate the comments reflected on each pillar, however, it depends on analyzing the content of the FDGs as well as the observations of the facilitator from a strategic thinking perspective. Table AI contains a summary of comments on each pillar.

<table>
<thead>
<tr>
<th>Sample (FGD)</th>
<th>Monifia</th>
<th>Minia</th>
<th>Ismailia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief of City/Markaz/Village</td>
<td>30</td>
<td>8</td>
<td>5</td>
<td>43</td>
</tr>
<tr>
<td>Representatives of technical departments (planning, health, tourism, investment..etc)</td>
<td>10</td>
<td>6</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>lower management (employees at governorate office)</td>
<td>10</td>
<td>3</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Total of participants</td>
<td>50</td>
<td>15</td>
<td>18</td>
<td>83</td>
</tr>
<tr>
<td>No. of workshops</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

Table II. Participants of FGD
The sample covered by the study is limited to three governorates out of twenty-seven ones; however, it provides a considerable analysis of the issue under investigation.

Remarks on the focus-group discussions

- Both strategic and operational people were very keen to learn and participate in the discussions and reflect on their local communities’ specifications, needs and priorities.
- Both groups have no knowledge regarding “Egypt Vision 2030” and/or the main developmental actions that took place on the central level such as new laws for investment, organization of industrial lands, industrial map [...] etc. which, deprived local communities from extracting the already existing opportunities, hence accelerating local development.
- Although both groups are responsible of “local development”, both proved to have clear knowledge of what national development is, however, the terminology of “local development” was vague and not familiar for them in terms of meaning, aspects and dimensions.

Main findings of the focus-group discussions

1. Strategic people have a more in-depth and long-term vision and understanding of national and local development rather than that in operational people. They have more comprehensive vision toward development. However, most of them are about to be retired within few years.

2. Local administrators have important knowledge and experiences of their local communities and are keen to be involved in developing their communities, however are truly neglected and deprived from both training and participation.

3. As for “Egypt Vision 2030”, discussions indicated the following:
   - None of the surveyed local administrators – in the three governorate – had ever participated in drafting and/or reviewing the “Egypt Vision 2030”.
   - The majority of them have never been exposed to it. Only two of them read it for their own knowledge, and another one read it to prepare before our meeting.
   - All agreed that “Egypt Vision 2030” is not reflected or linked to their routine work in anyway.
   - Few of them indicated that they had heard about “Egypt Vision 2030” TV implemented campaign, although it does not give them understood information.

4. Actions taken in the capital do not reach the local communities. Only one person indicated that he knows about the new law of “industrial licenses procedures”, although it was issue almost a year before.

5. The relationship between decision takers, local administrator and researches need to be revised. They reflected on its importance, however, few personal initiatives – rather than institutional – were mentioned.

6. Strong criticism was given to CULTURE Pillar. Comments indicated that affiliated programs focused on historical assets rather than heritages, identity and positive standards and believes.
Local administrators are working on solving daily problems rather than assessing community needs and/or planning. They do not have a clear agreed-upon work plan; however, they follow a day-by-day approach as they just manage not to have critical situations.

Local administrators do have strong experiences and knowledge of their local communities that must be used efficiently in regional planning activities.

There was a consensus that culture and citizens’ behaviors and attitudes are the key for many developmental issues, however, not given proper concern.

Although they reflected a negative and pessimistic attitude at the beginning of the discussions, when they were asked to list a number of developmental actions that happened during the last two years and they feel it will bring prosperity to their local community or to Egypt at large, they provided a long list of projects and actions accompanied with comments that reflect a sincere and positive attitude toward the future of Egypt.

One of the main claims used in postponing or slowing down the way toward decentralization in Egypt, is the lack of capabilities of local administration. Discussions reflected that the knowledge and experiences of both strategic and operational people, what is really missing is the proper and effective administrative system and empowerment.

Lack of involvement and/or wider participation, hence information among local administration puts them in un-trustful situation in front of local communities as they don’t have adequate information to provide. That makes them unable to communicate with local communities although they understand how much important and useful it is. Many stories were told in this respect.

Applying Quality Assurance tool on drafting and reviewing “Egypt Vision 2030”, results of FGDs indicates that none of the twelve principals have been applied by any means.

Conclusive remarks

1. Principally speaking, planning framework in Egypt requires a comprehensive analysis of the impeded philosophies and ideologies, laws and regulations, as well as institutional framework.

2. Despite the fact that the methodology of preparing “Egypt Vision 2030” declared adopting a participatory approach, the paper proved that in practice, national planning in Egypt still follows a centralized up-bottom static approach. To face this issue, planning practitioners in Egypt need to consider that centralization failed in providing long-term sustainable development, hinders the local culture-innovation relationship.

3. Planning practitioners need also to consider the theoretical and empirical literature that proved the following:
   - the high quality of outputs, accordingly outcomes, of long-term participation strategy compared to that of workshop approach;
   - the Long-term impact of flexible and dynamic planning compared to fixed and static planning;
the cost of participation is very low when compared to, both tangible and nontangible gains; and

the importance of time of participation compared to delay in development due to male or lack of participation.

(4) The role of local institutions, mainly local administration, in mobilizing local communities is crucial for achieving development.

(5) Testing some of the participatory planning schools/approaches on Egypt’s case resulted in the following:
   - Arsinties’ Ladder of participation: surveyed local administrators did not exceed the nonparticipation level that consists of manipulation and therapy rungs where they had no intervention or any level of control in drafting, revising and evaluating the plan.
   - Deshler and Sock division of participation in planning: surveyed local administrators were not involved or even informed of the strategies, goals and objectives and tactics of the plan, meaning that they did not even reach the pseudo level.
   - The quality assurance principals, introduced by Ghada Farouk and her colleagues, are totally not applied on the surveyed local administrators while drafting and strategy.

(6) Drafting “Egypt Vision 2030” depended mainly on workshop approach which proved to be ineffective particularly when used solely. Other participation and consultation techniques such as citizens’ juries, citizens’ panels, focus groups, consensus building exercises, surveys, public hearings, open houses, citizens advisory committee, community planning, planning cells, consensus conference, visioning, notification, distribution and solicitation of comments, referenda, structured value referenda, where not neither considered by the government nor enforced by the law. It is crucial to use a well-designed package of these tools that allows effective local administration/community participation.

(7) Efficacy of citizens’ participation depends on; the quality and proper representation of the participants, ensuring cohesion through proper representation of all categories, particularly marginalized ones such as youth, elderly people, women and disabled categories, and ensuring youth participating in planning, is one of growing concerns. Further research should focus on Who plan for tomorrow? Present generation or coming one who are opt to live this tomorrow?

(8) The terminology “local development” proved to be vague and not familiar for surveyed local administrators although they are the ones responsible for it.

(9) Although the government of Egypt conducted a number of social dialogue meetings, however, there was no clear methodology to ensure how the results of participation are reflected on the plan. How seriously the government considered the comments, discussions, feedbacks and viewpoints of the public.

(10) Discussions and dialogues during the FGDs, reflects that culture and social issues are given less attention compared to economic developments. People at localities were very aware of the distractive impacts of that on each developmental activity.

To conclude, analysis of the FGDs outputs indicates the importance of introducing a new paradigm for national planning that depends on the following principals: (Nassar et al., 2012):
• simulation and building scenarios that depends on participative planning and feedback of local communities, building dynamic systems that consider the complexity of developmental activities, as well as the globalization and its systems;
• reviewing definitions of all developmental aspects through organized experts-public open dialogues;
• linking with international data-bases and other information systems;
• giving real attention to qualitative data not only quantitate ones; and
• new functions of monitoring activities and its generated data and reports. As monitoring feedbacks must reform the holistic system and its affiliated sub-systems, the planning and decision-making inputs and processes.

Local/regional participation in national planning in Egypt proved to be very limited, if any. Dramatic changes in national planning processes are crucially needed, including concepts and methodologies of local administration/community participation. Participatory approach is not a complex-free. Conflicts of interest groups, ideologies, political trends, communities’ high expectations, particularly of those who were marginalized and deprived for long time. Accordingly, the role of the planning practitioners is to manage such conflicts in favor of development and to ensure that definitions of each aspect of development is not unified on national, regional and local levels, ensure that each community agree on its own definitions, needs, dreams, and paths toward development, and expand choices and opportunities for each citizen.

Further research
Analyzing the characteristics of planning in Egypt, in light of the theoretical framework and Egypt’s current developmental path, results of this study, the following issues need to be in-depth study:
• Which theory and methodology of national planning fits within the 4th IR and its constituents? Do we need a new theory?
• Does the 4th IR deconstruct the traditional planning approaches?
• What is the best planning theory/approach that currently fits with Egypt’s development path?
• How to estimate the efficacy of participation in planning?
• What is the government’s actual attitude toward participatory planning and the role of local administration and communities? And how that is reflected in planning framework?
• The impact of digitalization on participatory planning? Does it provide new effective tools? What are the limitations?
• Considering the current era and its specifications, mainly the 4th IR, high level of complexity, connectivity, multi/inter-disciplinarily, interdependency, what should be the new role of the central government and local administration?
• How to ensure that local strategic initiatives are designed within the global and national developmental paths, tendencies and activities?
• How to institutionalize the youth in the decision-making processes? Extract their understanding, definition and viewpoints of development and its different aspects?
• How to estimate and manage the fickle effects of economic development whereas the progress in someone’s indicators may lead to another one’s regress?
• How to consider the complex diversities of the local context?
• What are the main foundations of a sufficient role of the state in setting its long-term strategy?
• How to cure the long-term effects of implemented destructive policies?
• How national policies manage the fickle effects of economic development whereas the progress in someone’s indicators may lead to another one’s regress?
• How national planning can consider the complex diversities of the local context?
• What are the main foundations of the sufficient role of the state in setting its long-term strategy?
• How national planning can cure the long-term effects of implemented destructive policies?

Notes
1. Egypt Vision 2030 is produced by the Ministry of Planning, Monitoring and Administrative Reform (MoPMAR). Available at: www.mopmar.gov.eg
2. Egypt consists of 27 governorates, 22 of them divided into 837 Markaz, while the five other governorates – mostly urban – are divided into districts (Hai).
3. CAPMAS: Central Agency for Public Mobility and Statistics – Egypt. Available at: www.capmas.gov.eg
4. FGDs were part of an EU project entitled “Support of Public Administration Reform and Local development in Egypt”.
5. “Egypt Vision 2030” consists of 13 pillars. Three of them are considered cross-cutting pillars that are; foreign policy, national security and national policy. The other 10 pillars were divided into three dimensions; 1) Economic Dimension that includes four pillars: economic development, energy, knowledge and innovation and scientific research, transparency and efficiency of government institutions. 2) Social Dimension that includes four pillars: (social justice, health, education and training, culture. 3) environmental Dimension that includes two pillars: environment and urban development.

References


Further reading


Corresponding author
Heba Saleh Moghaieb can be contacted at: moghaieb@aucegypt.edu and heba.moghaieb@inp.edu.eg
### Pillar 1: Economic Development

<table>
<thead>
<tr>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
<th>Successful local initiatives</th>
</tr>
</thead>
</table>
| “Social housing” projects are not enough and are located in the industrial parks serving internal migrants rather than local community. Let alone the prices that are unaffordable for most of the youth. Concluding that the “social housing” strategy as such does not solve the housing problem. | In Monifia:  
ii. Re-opening of closed factories such as cotton factories | In Monifia, Toshiba El Araby (a private business plant) provides an example of linking education to employment as the factory opened a vocational school that train the local community on skills needed in the factory. Hence, provide job opportunities for the community surrounding the factory. On the contrary, “Cristal Asfour” Factory in Minia import all labor from other governorates. |
| Small and medium enterprises, although the funds are available at banks, procedures are still complicated. Public campaign on “financial inclusion” is vague and not suitable for the citizens in local communities. | ii. Maximizing usage of Tala Incubators Park | In Minia, Dir Abo Hens Village is an unemployment free village. Young girls work in textile at home and once get married they open their own production unit at her new home. A textile school is crucially required for this industry to develop and grow. |
| Agriculture is very important. Discussions tackled the following issues: i. Importance of agro-industry is for both industry and agriculture. | ix. Encouraging agricultural activities in Sadat City | Investment departments in Ismaília launched a special link on the governorate’s official website to present youth innovations and business ideas, and provide support for some. |

(continued)
<table>
<thead>
<tr>
<th>Pillars</th>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
<th>Successful local initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ii. Agricultural land abuse is a serious issue that threatens local communities</td>
<td>In Minia: x. No food-processing factories are planned</td>
<td>in Minia, a biogas project is implemented with the ILO</td>
</tr>
<tr>
<td></td>
<td>iii. Maintaining and developing irrigation systems</td>
<td>xi. Late development of public plants makes it unable to compete with private ones. (i.e. Hone factory still using solar while other private factories use gas that is much cheaper lead to huge continues losses)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>iv. Developing agricultural drainage system</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>v. Establishing advanced storehouses</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>vi. Establishing agricultural research center that help increasing productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>What is the link between Quesna Industrial Park and Robiki industrial Park? What is the plan for Quesna Industrial Park?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillar 2: Energy</td>
<td>Why subsidizing industry while their products are sold in international prices?</td>
<td>Solar energy projects failed in some governorates due to high levels of dust. Researches indicated this facts, however, decision makers did not consider the findings of these research wasting public funds</td>
<td>Local NGOs in Ismailia had a joint initiative to discuss tools and mechanisms for energy use rationalization</td>
</tr>
<tr>
<td></td>
<td>Designing incentive packages that encourage innovation in solar energy production</td>
<td>Renewable energy projects (wind) is located only in Hurghada, while Minia for example has long deserts and speed wind. Some lands were allocated for such projects, however, financial and technical support is needed for youth to be able to use them Launching energy factories that use solid and liquid wastes in generating energy</td>
<td></td>
</tr>
</tbody>
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(continued)
<table>
<thead>
<tr>
<th>Pillars</th>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
<th>Successful local initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pillar 3: Knowledge, Innovation and Scientific Research</td>
<td>Need for establishing local entity for patents</td>
<td>Employing education in encouraging innovation and scientific research</td>
<td>The governorate of Monifia coordinated with the Monifia University in creating a local communication system among heads of cities and districts. This local system proved to be very effective in accelerating the routine work</td>
</tr>
<tr>
<td></td>
<td>Need for enhancing finance allocated for scientific research</td>
<td>Stopping the Schools-TV program entitled “Young Innovator”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Need for establishing local research centers that focus on local community issues and its specifications. It was noted that research centers are located in Cairo far from local community</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Encouraging innovation among local community schools</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Designing effective local mechanisms for discovering and supporting innovators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillar 4: Transparency and Efficiency of Governmental Institutions</td>
<td>Enhancing basic infrastructure and informative bases of local administration</td>
<td>Local administration dedicated only for the five competences that are very limited</td>
<td>Not mentioned</td>
</tr>
<tr>
<td></td>
<td>Enhancing human resource system</td>
<td>Lack of documentation and lesson learned on both local and national level. There should be an entity specialized in extracting lesson learned, push and pull local factors for each project and/or activity</td>
<td></td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Pillars</th>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
<th>Successful local initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowering local administrators</td>
<td>Centralized procurement is degrading the performance of the local administration</td>
<td>Lack of database on local-level projects make coordination among localities impossible</td>
<td></td>
</tr>
<tr>
<td>Making public services facilities profitable. Managed in a way that make it</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancing the processes of public budget preparation and the role of localities in selecting needed projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information dissemination and Automation as means of combating corruption and mobilizing community participation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancing selection mechanism of local leaderships</td>
<td>Conducting effective communication with the local citizens due to lack of accurate information regarding projects and services planned or already under construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changing work environment to be more productive and less corrupted</td>
<td>Male application of the “Code of Conducts”. And in case of used with, employees submit complaints to MoPMAR that issued it</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillar 5: Social Justice</td>
<td>The huge discrepancies in the wages and work environment in local administration departments and that of public economic agencies performing at same place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Having equal services and opportunities for local cities as urban cities, and for districts and villages as cities</td>
<td>Crises support is limited to beneficiaries of “Takaful and Karam” Programs. Other might benefit, however, requires long and complicated procedures</td>
<td>Not mentioned</td>
<td></td>
</tr>
</tbody>
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(continued)
<table>
<thead>
<tr>
<th>Pillars</th>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
<th>Successful local initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ability to believe in having hopeful and</td>
<td>Lack of insurance on agricultural productions. Weak role of corporate social responsibly (CSR). Big companies and factories performing in local places could develop their local communities through effective CSR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>confident future</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enjoy safety and security</td>
<td>Unused medical equipment due to lack of human resources</td>
<td>Not mentioned</td>
</tr>
<tr>
<td></td>
<td>Farmers are not given due attention</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Subsidized fertilizers are provided to land owners not renters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillar 6: Health</td>
<td>Establishing an integrative electronic network among medical units working in each local community and its surrounding communities that would help the following: providing better and various services for local citizens, scientific research, exchanging experiences, and creating integrative knowledge</td>
<td>Unused buildings. (both finishes and semi-finished hospitals and health care units)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promoting ethics among all levels of human resources working in medical units to treat local citizens in a more respective, kind and conscience way</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promoting health prevention programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enhancing governance of health sector on local level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillar 7: Education and Training</td>
<td>All agreed that quality of education need to be improved</td>
<td>USAID project for supporting talented students (technological and scientific schools) is degraded due to lack of financial and administrative support</td>
<td>In Minia, the governorate launched a local competition “Markaz with No Illiteracy”. It has a great impact on mobilizing local resources for this target</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Pillars</th>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Modern and advanced curricula are needs</td>
<td>In Minia, no public lands is available for building new schools and the governorate depend on citizen to donate their own land (class intensity range between 70-80 student)</td>
<td></td>
<td>In Delinga and Maghagha villages, Minia, agricultural schools are linked to land reclamation programs as schools are requested to reclaim number of Faddans</td>
</tr>
<tr>
<td>Technical education/training is very important particularly in rural areas</td>
<td>Closing the “educational farms”</td>
<td></td>
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<tr>
<td>Re-embed positive values such as productivity, accepting other, mercy, social solidarity into local communities</td>
<td>Programs did not consider impact of the drama, art, media and social networks on our society particularly on youth</td>
<td></td>
<td>Minia squares were decorated in co-ordination with Minia University giving chances to students of Fine art school to innovate “Developing the New Valley initiative” perform art workshops Many participants developed ideas for startups through these workshops</td>
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<tr>
<td>Flourishing the role of family, school, mosques and churches in manner of community prevailing attitudes and values</td>
<td>Male law enforcement made the environmental problems more sophisticated</td>
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<tr>
<td>Filtering imported values</td>
<td>In Minia, male employment of ancient religious antiquity. (both Islamic and Christian). One third of Egypt’s antiquity is located in Minia; however, tourism is not a main economic activity. Atomic museum is under renovation for many years and only small budget is required to finalize it</td>
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<tr>
<td>Pillar 9: Environment</td>
<td>Role of media and drama in building role models</td>
<td>Lost opportunities</td>
<td>Successful local initiatives</td>
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<td>In Minia, a local initiative was done with local NGOs to develop main squares. Another initiative was done to household waste collection.</td>
<td>Many schools and/or public libraries are closed or degraded. Many cultural activities are taking place, however, with limited impact due to weak management. Inherited habits should be treated as a treasure. These are well examined in terms of appropriateness and convenience to our communities.</td>
<td>In Minia, a local discovery happened in Tuna El Gabal Village, however, no proper attention and marketization was done. Several international discoveries happened in the same village.</td>
<td>In Minia, two international discoveries happened in Tuna El Gabal Village, however, no proper attention and marketization was done.</td>
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<td>Local administration pays the price of other entities not performing their work.</td>
<td>National and international aid directed to environmental projects does not consider actual needs of local communities.</td>
<td>Growing landfills problem, particularly in Monufia governorate.</td>
<td>Governors have no authority on national protected areas.</td>
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Table AI.
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<tr>
<th>Pillars</th>
<th>Comments/priorities of local communities</th>
<th>Lost opportunities</th>
<th>Successful local initiatives</th>
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<td>Pillar 10: Urban Development</td>
<td>“Social housing” projects that serve urban development</td>
<td>Having a clear comprehensive policy for urban development in order to encourage local citizens as well as the private sector to align their own personal and investment plans</td>
<td>Having a clear comprehensive policy for urban development in order to encourage local citizens as well as the private sector to align their own personal and investment plans</td>
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<td>Encouraging citizens' localization in newly established urban communities</td>
<td>Male implementation of the already existing law that puts daily fine on unpermitted buildings. (unified law article no.119)</td>
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<td>Newly built housing projects does not have adequate modern sewage system, let alone other services such as schooling, social and sports centers</td>
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Table AI. Case of “Egypt vision 2030”
Islamist parties and social movements: cases of Egypt and Tunisia

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Abstract

Purpose – This paper aims to shed light on the previous ideological stands of the newly established Islamist parties in terms of the idea of party formation, and different models of their relations with the social movements from which they emanated through focusing on some case studies, namely, Egypt and Tunisia, with an attempt to study their impact on the parties’ paths by concentrating on two dimensions: the decision-making process and alliances’ building.

Design/methodology/approach – The paper is written according to the comparative case studies approach and Huntington’s new institutionalism.

Findings – The research findings proved that, in the light of the two case studies, there are two different models of relations exist between the Islamist political parties and the social movements they emanated from, and despite that both parties had come out from social movements or took the form of a movement in their beginnings and were established within the same context, they showed different perspectives in dealing later on with the new institutional and political context and their rising challenges. These perspectives affected the parties’ decision-making process and alliances’ building, as well as their institutional legitimacy and determined their political future.

Originality/value – In the end, this paper attempts to deal with the degree of institutionalization these parties enjoyed, based on how the movements they emanated from had dealt with the dilemma of party building and the party-movement relations.

Keywords Social movements, Alliances building, Decision-making process, Islamists parties, Movement parties, Popular uprisings, Institutionalism, Freedom and justice party, Al-Nahda

Paper type Research paper

1. Introduction

The topic of the so-called movement parties, the political parties that emerged out from social or political movements and their relations with such movements is a topic of increasing importance in the field of comparative politics.

In the past decade and after the popular uprisings in the Arab world, many Islamists parties were established. These parties had emanated from large social movements and managed to reach power in a number of Arab Countries, like the Freedom and Justice Party in Egypt, AL-Nahda Party in Tunisia.
This paper aims to study the relation between the way these parties were established, their former stands concerning party establishment, their relation with their mother social movements on one hand, and their performance after reaching power on the other hand. The main research problem of this study can be formulated as follows: What are the main reasons behind the different political courses that the FJP and Al-Nahda party had followed after seizing power in their countries. Despite the two parties were established within the same context, the rule of Muslim brotherhood in Egypt lasted only for one year (apparent failure), while Al-Nahda party in Tunisia managed to adapt with the changes and challenges on the political arena and was able to maintain its image as an important actor on the Tunisian scene sharing power with other political actors there and avoiding the same fate of FJP in Egypt (relative success).

Based on the research problem, the main hypothesis here is: whenever the social movements the party emanated from was based on ideological stands or literature refusing or resisting the idea of party formation and political pluralism, and in cases of high degree of party attachment and dependence on the social movement it emanated from, the result will be increasing the possibilities of party failure in carrying out its main functions in decision-making and building alliances with other powers. This entails that the party will lose its legitimacy and will inevitably lead to its fall, especially if it’s in power.

1.1 Literature review

There are a number of studies that focused on the phenomenon of movement parties, and many of them attempted to examine the reasons behind the rise of this new breed of political parties.

In his study, Kitschelt (2006) had focused on what he called the three vehicles of interest articulation and intermediation, talking about the defining boundaries between them mainly by focusing on the functional and institutional criteria. Then the author moved to the circumstances under which social movements or interest group take the decision to change the institutional settings they are operating in, i.e. turning into partisan electoral competition and accepting to pay the cost of organizational compliance, stating that when a political entity take the decision to start mobilization around complex by focusing on more complex interdependent objectives they turn to political party. An important part of this study was dedicated to the problems of movement parties like; they lack the culture of investing in a formal organization of party structure, they are formed and depend on a group of social and political activists in the absence of paid professionals, and the institutional problem in building party’s infrastructure or organs able to take binding decisions.

Dontella della porta (Porta et al., 2018) was from the most important names that focused on movement parties and the reasons behind the rise of this type of parties and in this regard she talked about austerity politics.

There were other studies that recognized the transformation of social movements to political parties as a result of changes in political regimes after overthrowing authoritarian governments and starting a transforming process to towards democracy. Zollner (2016) in her study focused on democratic state building. Stated that after the uprisings in the Arab countries, a change happened in the political arena which became more open and free, and this encouraged many social and political movements to take a step toward institutionalization by turning to political parties considering this a part of building the structures of this new democratic state.
Some other studies tried to examine such phenomenon in particular regions. In their study, Prentoulis and Thomassen (2018) had considered the emergence of movement parties one of the reasons behind the financial crisis and the crisis of representation, and they focused on many examples in Europe, especially emerging from the far right movements. And they studied the different types of movement parties and marked the dilemma of how some social movements that believed in radical politics can convert to political parties engaging in the formal political institutions.

1.2 Methodology
This paper uses two approaches:

(1) The comparative case study approach. According to Lijpart, we can use a small number of cases to provide a framework to generate useful data analysis and to test the hypothesis of a given study (Collier, 1993). This paper will use this approach to study the areas of similarities and differences between the two cases, and how despite witnessing the same historical context in regard to party formation they showed different reactions to the opportunities and challenges on the surrounding political scene and thus ended up with two different courses.

(2) New institutionalism: Huntington in his new institutionalism focused on the importance of developing political institutions after changes taking place within any society; including modernization, increasing political awareness, demands, and widening the scope of political involvement, as these changes challenge the existing political system and it’s institutions and create a rising need to move further towards institutionalism and introducing new political institutions that combine legitimacy with effectiveness. He assumed that if what prevails is a negative relationship between the rates of political participation and those of political institutionalism this will lead to a political gap followed by political instability and disorder and a fall in legitimacy, i.e. rapid social and political changes which might include rapid entry of new groups into politics should be accompanied with high level of institutionalism and developing the art of associations. Samuel set four dimensions to study the level of institutionalization in any political system which are autonomy, adaptability, complexity and coherence (Huntington, 1973).

These main sayings of new institutionalism can be used in this study to test to what extent the two parties had succeeded in two main aspects:

(1) to be the source of their decisions (independence); and

(2) to adapt with the changes happening in their context, face the challenges and make the best use of the rising opportunities, and build the structures that will help them in this regard (flexibility).

1.3 Theoretical framework
Social movements can rarely convert to pure and simple political parties; also it’s not an easy task to build a party-movement relationship based on clear independence and dividing lines between the party and the movement. In this regard, this paper will focus on two theories that can describe movement-party relations, and they can be displayed as follows:

The Helicopter-parents: This theory was best explored by Nathan J. Brown and he meant by Helicopter-parents “those who hover closely over their grown sons and daughters, monitoring their choices, offering unsolicited advice, and intervening in their daily
interactions”. He talked about more than an ordinary close relationship that exists between
the party and the movement, as the movement is micromanaging the party and controlling
every aspect of the party ranging from choosing the party leaders to determining its stands
in different situations. The movement is monitoring the choices of the party making sure
that it is acting in accordance with the movements’ instructions and revolving in its orbit
(Brown, 2011). In this regard, we can say that the party is acting like the center giving no
autonomy to the periphery which is the party.

Hybrid movement parties: Which constitute a new breed form of parties, distinct from
ordinary parties, these parties combine the attributes of movements and parties at the same
time (porta et al., 2018), they are formed of social and political activists belonging to social
movements and trying to apply their strategic and organizational tactics in the arena of
party politics (Kitschelt, 2006, p. 4). The process of transition to movement parties isn’t an
easy one, and it might be reversible. Moreover, while some may succeed in achieving fully
transition to party politics others may fail or just try to make a balance between tactics of
social movements and party politics (Gattinara, 2019).

We can add to this theoretical framework, theories explaining the transition from movement to
movement’s party (Kitschelt, 2006, pp. 5-6):

Political learning through trial and errors: This happens when social and political activists
decide to focus on more complex interdependent objectives and to enter the partisan
electoral competition.

The game-theoretical model: it takes place whenever the movement has informative
advantage over the existing political parties, about the size of certain constituency and the
movement’s appeal there, so it decides to enter the competition on the seats of this
constituency through forming a party that can benefit from the public appeal and support to
the movement it emanated from.

Movement turns to party politics only when it realizes that the barriers and the electoral
laws are limited so it has a high possibility of success.

Spatial theory of party competition: when there is a newly mobilized constituency that
lacks the representation in the existing party system so this constituency turns to be an area
of interest for the movement and encourages it to turn to movement’s parties.

2. Stands from party formation

In Egypt, the Brotherhood was established in 1928 with the leadership of Hassan Al-Banna
who was against the idea of party building, and viewed it as the reason behind the
fragmentation of the society, which interest as a whole should be a priority, even viewing
such fragmentation equivalent to atheism (Brown and Hamzawy, 2011). This vision
controlled the MB for a long time.

Despite Al-Gamma’a prohibition and the great restrictions on its activities the MB
managed to preserve itself a role in the opposition and presence in the professional
syndicates and parliamentary elections. In 2000, it secured 17 seats in the parliament
through running the election as independent candidates, and this encouraged the movement
to direct its resources to the domain of electoral competition and in 2005 it was able to
achieve its greatest victory in the parliamentary elections before the uprising by winning 88
seats in the parliamentary elections (Al-Ghaffar and Hess, 2018). In addition to that, it was
also present through its wide social networks by providing social services and focusing on
charity activities (Obaid, 2017).

In 2007, a document belonging to the Brotherhood was leaked. It included their vision
concerning political reform and in a part of it they talked about party formation. Many had
considered this document as the program of the party the movement wants to establish; however, due to the difficult political circumstances the program wasn’t completed and then was disregarded by the movement (Brown and Hamzawy, 2011, pp. 36-38). Then came the popular uprising on the 25 January 2011 to mark the first real and explicit step of the movement to establish a party, as it submitted an official request to establish the Freedom and Justice party, which was established in 2011 (Al-Anani, 2011).

Although the context of Al-Nahda party establishment in Tunisia was similar to the Egyptian case; the willingness of Al-Nahda movement to establish a party was previous to that of the Brotherhood in Egypt. “Al-tawagoh Al-Islami” (later known by Al-Nahda) had tried to form a party in 1983, just after 12 years from its establishment (Saleh, 2012, Vol. 47, Issue 188).

Al-Ghannushi had a different vision compared to Al-Banna concerning party formation, as he considered it the best solution for strengthening the Islamic Society against the ruling authority (Al-Ghannushi, 2012), and he reached a further point stating that these parties will provide a socialization ground to the so-called “the lord’s politicians” who will not infringe on people’s rights. Moreover, these parties will teach the citizens their divine duty citing Quran: “You enjoin what is right and forbid what is wrong” (Ali’Umran: 110). And he added that these parties will be saturated with justice, monotheism, and truth, he even said that establishing Islamists parties had come as an order from God in Quran: “And let there be [arising] from you a nation inviting to [all that is] good” (Ali’Umran: 110) (Al-Ghannushi, 2012, pp. 156-158).

All attempts by Al-Nahda to establish a party had failed under the authoritarian regime there, until the popular Uprising in 2010 as the political situation became convenient for the establishment of the party which was established in 2011. And here both the Egyptian and Tunisian cases met in regard to the context of establishment, i.e. the popular uprisings.

3. Two models for the relation between parties and social movements
Blumer was one of the most significant authors who focused on social movements and their evolution. Despite Blumer’s vision that there is a typical inevitable cycle for the development of social movements, starting with social fermentation passing through popular excitement and formalization, till it finally reach the stage of institutionalization (Christiansen, 2009). Reality shows that there is no specific organizational course for the cycle of social movements. The social movement may decide to move in a specific moment to a new stage which is more institutional by establishing a political party, or it might reject this choice and take the path of secrecy and political violence (Beshendy, 2018).

In this part, the paper focuses on the relation between each of the aforementioned parties and their mother social movements, as it is very important to understand the features and nature of this relation and its impact on the party’s progress.

3.1 The Egyptian case
The relation between the Brotherhood and FJP was characterized by ambiguity and confusion as it is difficult to separate between the two. Despite the vision that empowering the movement to establish a party after the constitutional amendments in 2011, might be followed by a decision to dissolve the Brotherhood, it ended up with retaining the movement without legalizing its status according to the laws of associations and civil society organizations. The experience of FJP in power emphasized the pivotal Concept of Al-Gamma’a, to which the Brotherhood attached priority over any other frameworks, and refused to disclaim in favor of the idea of a Political party (Parahat, 2014, Year 24).
In this relation, the political party seems to be the weak element, as it was always subjected to Al-Gamma’a on both the organizational and intellectual levels and this might be due to the party’s novelty, and the great organizational strength that Al-Gamma’a enjoyed, as it was known by its pyramid hierarchy at the top of which is the guidance bureau, which had a full control over the organizational issues and by the compliance of those in the lower levels with the “listen and obey” principle (Brown and Dunne, 2015).

The best description of the nature of this relation was that of Nathan J. Brown, as he described it by “Helicopter parent”, and he meant by this that the movement acts as the guardian who controls and interferes in all choices, daily decisions and interactions of his child (Brown, 2011).

This nature of the party-movement relation was enhanced by the historical dispute on the necessity of establishing a political party for the Brotherhood, as a significant segment of Al-Gamma’a believed that political participation should be done through the movement not the party. And even if it is necessary to have a party, it won’t be their reference as it will just be one of the tools used by the movement to achieve its political targets (Al-Anani, 2005). That was clearly stated by Al-Shater when he said that the duty of Al-Gamma’a is to achieve the revival of the Ummah based on the Islamic reference, Islamization of the society, and empowering God’s rule on Earth, and that the FJP is one of the tools used by Al-Gamma’a in this regard, just like any other tool, such as syndicates and charity associations. (Farahat, 2014, Year 24, pp. 28-29).

The practices of the Brotherhood after reaching power revealed that they prefer the type of relation in which the party is just a political arm or bifurcation of the movement. Also, it was clear that there was a number of members in the party that combine between their membership in the party and the movement at the same time, as the leading figures of the movement became the well-known faces of the party (Shalata, 2017).

3.2 The Tunisian case

On the Tunisian side, Al-Ghannushi, the leader of Al-Nahda party, was distinguished by his enlightened vision and his clear strategy from the beginning, which was based on the attempt to prevent the crises and falls that other movements of political Islamism had witnessed in countries like, Egypt, Sudan and Algeria. The main objective of Al-Ghannushi was to secure being a part of the authority with the least losses (Belhag et al., 2017).

The party-movement relation here is distinct, as it establishes a different model. Al-Nahda tried to combine between being a movement and a party at the same time, as the party was not established as an independent organizational entity separate from the movement, there were no clear defining lines between them, and as a result it was named the party of Al-Nahda movement. In fact, the movement works as a party that has a network of local and regional offices and at the same time it preserves for itself an active base as a popular and social movement which has charity associations working under its flag, that’s why sometimes the movement declarations combine between the ideological and political commitments and it merges its Islamic reference with its national Tunisian identity (Marks, 2014). In addition, certain members of the movement were uncomfortable because of what happened sometimes when the targets and principles of the movement were substituted with political pragmatic targets, fearing that the politicization process and concentrating on the party building will hold back the movement and transform it to a political club that ignores its ideological roots (Marks, 2014, pp. 16-18).

These fears were accentuated in the 10th conference of Al-Nahda, when the party announced a major ideological transformation by separating religion from politics and declaring itself as a national democratic party. Furthermore, Al-Ghannushi stated that the
modern state shouldn’t be based on any ideological premises, but on policies and practical programs, which reflects a great level of maturity (Affan, 2016), in addition to his striking declaration saying that there is no more reason for the existence of political Islamism, which emerged to face dictatorship, and secular extremism, as they no longer exist in Tunisia. Such transition was compatible with what the Tunisian Islamist figure “Said Fergany” stated that Tunisia is in a critical phase which might last for 20 years, and this requires it to enhance the transitional process, along with the principles and values of democracy even if this will irritate conservatives (Dar et al., 2017).

This step marked the attempt to eliminate the confusion of being a party and movement at the same time, by outweighing the idea of being a national democratic party that confines its activities to politics (Khareegy, 2011). It is worth noting in this regard, that this is an important step but its seriousness will take a time to be verified.

4. Decision-making process
No entity can reach the stage of institutionalism and start its work within the state’s political institutions without achieving certain requirements, as this depends on institutional development, political maturity, and social and cultural awareness (Moktader, 2013). The more the party is institutionalized in its work, the more this will positively affect the workflow inside the party according to its internal regulatory system, and its ability to face internal and external challenges (Al-Gharabyah, 2016).

The decision-making process in any institution or party reflects the balance of power inside it and its institutionalization degree. This part in the study focuses on how the party’s formation and the pattern of its relation with its mother movement were reflected on the decision-making process.

4.1 The Egyptian case
In Egypt, Al-Gamma’a represented in the guidance bureau had full control over the decision-making process and that was obvious in many practices. Firstly, the Freedom and Justice party was formed at an order from the Shura council of the movement. And this council, which had no official relation with the party, had chosen the party’s top leaders in a non-transparent secret manner, which emphasized that the movement tried to impose its guardianship over the party from the very beginning (Al-Anani, 2011). During its formation, the party’s top leaders weren’t chosen according to democratic mechanisms or through fair public elections within the party, as the movement decided that the selection of the party’s leaders is a genuine right for the guidance bureau, and they should be in a strong connection with it, and by this they violated the party’s statute which stipulated that the party leaders are chosen through elections held in the party’s general assembly (Ban, 2014). The party’s Secretary General and its executive bureau in each governorate were chosen by the movement’s administrative and consultative offices in this governorate, and by this the party turned to be the movement’s party not a party that was established by the movement (Shalata, 2017, p. 73).

Secondly, the movement, not the party, had not only put the electoral program for running the elections but also put its own touch on the party statute which was affected by the movement’s language (Brown, 2011). And it was the one who proposed the project concerning the electoral alliances before 2011 parliamentary elections (Farahat, 2014, Year 24, pp. 27-28).

In February 2012, the movement, not the party, had assigned to Al-Shater the task of setting a developmental and renaissance program for Egypt which was known by the “Renaissance project”, despite that assigning a duty with this political nature is a part of the
political responsibilities of the party (Farahat, 2014, Year 24, pp. 27-28), noting that Al-Shater did not hold any official position in the party or the state.

After Morsi was sworn in as Egypt’s president in June 2012, conservatives and reformists inside the movement tried to control the choices of the general assembly in the first election to choose the party’s president and secretary general, by imposing their wills and narrow ideological orientations (Ban, 2014).

Even after the movement’s attempts to administratively separate the highest party’s structure from it and to find separate party’s leaders, this appeared to be just a nominal separation, as the party’s figure remained the same movement’s figures (Shalata, 2017, p. 73).

The Brotherhood tried to connect their members with marriage and kinship relations and to use these connections to control all the party posts and those of the legislative and executive branches (Helmy, 2016), for example:

- Essam Al-Hadad, one of the guidance bureau members, was also responsible for foreign relations in the party, and then was the President’s assistant for foreign relations.
- Saad Emara, the member of the defense and national security committee in the shura council was at the same time a member in the guidance bureau and the movement shura council.
- Essam Al-Aryan was a member in the guidance bureau and Shure council and at the same time the vice president of FJP (Mogib, 2015).
- It was obvious that the criteria of choosing the executives was based on the membership and loyalty to the guidance bureau not the efficiency, and we can refer in this regard to the following names:
  - Mohamed Ali Beshr who was nominated as a governor for Al-Monoufia governorate and was later on the minister of local development was a member in the guidance bureau.
  - Mahmoud Ghouzlan who was a member in the national council for human rights was a member in the guidance bureau and one of the spokesmen of the movement (Mogib, 2015, p. 58).

Moreover, applying promotion to active member inside the party depended on the member promotion within the movement. There were many rising fears inside the movement that the party might seek separation from the movement, and that’s why it took some precautionary measures to guarantee the continuity of the party’s dependence on the movement. These fears pushed the movement to form a secret parallel party structure to introduce it to the political scene in case any split between the party and the movement happens in the future, as affirmed by the movement members who joined the camp that was formed in January 2013, under the movement’s political committee and with the participation of the responsible figures of the movement’s families and sectors who were not affiliated to the party and who provided assessment for the party’s performance while opening the door for proposing any new visions that the movement can count on in case of political crises (Shalata, 2017, pp. 75-76).

The party did not try to employ more cadres and experts in the partisan and electoral works to benefit from its establishment, as it left these tasks for the preachers and social figures in the councils of the movement’s regions who were very active during election times, which reflects the level of movement interference in the party’s main tasks (Shalata, 2017, p. 78).
Thirdly, the party was not able to take any decision concerning the talks and coordination with other political actors on the political arena without returning first to the guidance bureau (Ban, 2014). According to Abul Ghar, the leader of Social Democratic Party, before Morsi’s decision to rule by decree in November 2012 there were promising talks between Morsi and members of other political forces concerning the constitution and he showed his willingness to reach a compromise to save Egypt and promised to finalize the deal on the next day. Surprisingly, Morsi came out next day with emergency decree which showed, according to Abul Ghar, that the decision isn’t in his hand; it’s in the hand of the guidance bureau (The Guardian, 2019). Then the guidance bureau took the decision with the shura council to go down the streets to support the president against the opposition, and this ended in obvious polarization on the Egyptian political scene and led to bloody street fights with Morsi’s opponents (Mogib, 2015, p. 57).

There were other clear evidences on such overlap between the president, the party, and the movement, as Morsi himself stated in one of his meetings with the Muslim brotherhood that there is always a coordination with the bureau before any meetings with the American officials and that he is working according to the bureau’s decision regarding Egypt’s international conventions (a leaked video for a secret meeting between Morsi and the members of Al-gamma, 2013). In addition to that, Essam el Aryan in his televised interview in one of the talk shows in Egypt mentioned that there are strategic decisions that should be taken through coordination with the movement like nominating the president, the rule or the government. And he announced that concerning Morsi’s decision to dismiss Tantawy he searched for Al-morshid who was in seclusion for prayers (’itikaf), and he was surprised how shall he leaves the country in such critical situation that requires critical decisions and goes for ’itikaf (AlAryan: Morsi searched for Al-morshid before Al-mosheer dismissal, 2012).

Finally, the movement took the responsibility of responding to all the criticisms directed to the party and the government. And it directly dealt with all reinterpretations (ijtihad) done by any party member which it had seen as contrary to the main stream of the movement, and that to reinforce its symbolic and administrative control over the party (Shalata, 2017, p. 73). The role of the general guide and his control was obvious to the extent that the protestors came out to the streets calling for ousting him (Ban, 2014).

4.2 The Tunisian case

Although the establishment context of Al-Nahda party was the same as that of FJP in Egypt, yet both examples gave different models in their relations with their movements, their decision-making process, and their internal democratic structure. There are different interpretations for that, first Al-Nahda movement had witnessed a lot of serious attempts to legalize its status and to launch its party before 2011, in addition to what was reflected in its literature from serious faith in the importance of establishing a political party to be its channel for participating in politics, in contrary with the hesitated and non-tangible steps of the Egyptian’s Brotherhood in this regard and their unclear vision about forming a party. Second, the character of Al-Ghannushi, who was exposed to the Western culture and enjoyed a considerable weight of enlightened thought, with the ability to comprehend the reality and adapt with the opportunities and challenges it provides, and finally the strength of the Tunisian civil society.

Al-Nahda Party, which combined the characteristics of both the party and the movement in one entity, appeared to have a good organizational level. It also had a clear internal democratic structure confirmed by a number of observations; the Party leader was elected by direct secret ballot during the General Conference of the Party and in accordance with its Statute. The Party’s statute also stipulated that no member may hold the post of the party’s
leader for more than two consecutive terms, which is a credit to the party and its democratic practice. The leader chairs the executive office and is entrusted with running the party’s executive structures. The President shall have the right to propose the names of the executive office leaders; a secretary-general and one or more deputies of the members who meet the conditions stipulated in the party’s statute, but must be recommended by at least one-third of Shura Council members who are elected via direct secret ballot. The Party’s Shura Council is composed of 150 members, two-thirds of whom are elected at the National Congress of the party, and the last third during its first session. The head of the Shura Council is elected after the completion of the members of the Council by direct secret ballot within the Council (Al-Nahda official website). The Shura Council, which represents the highest organizational level in the party, makes decisions on the basis of one person, one vote (Marks, 2014, p. 1). The party’s commitment to hold its national conferences periodically and in a disciplined way thus reflects the party’s high organizational and operational capacity. This is indicative of the high openness and transparency within the party, as the political, administrative and financial performance of the party is discussed in these conferences, with party’s general policies of the next stage (Al-gharabyah, 2016, p. 189). The party conferences were preceded by many lengthy sessions and debates at the local, regional and sectorial levels so as to achieve direct communication between these levels and unify their visions (Khareegy, 2011).

It was also obvious that the internal structure is characterized by representative bodies at the regional and local levels linking the activists with the party leaders (Al-Nahda official website). Although the party leaders had been explaining their positions in the Shura Council, they had often returned to mid-level and grass-roots activists throughout the country to convince them of these positions, which is a democratic practice that reflects the level of transparency within the party. There was even respect for the few voices within the party that were not suppressed or silenced; on the contrary, collective debate was open to them in sensitive and pivotal matters. Al-Ghannushi, as the movement’s leader, did not seek to impose his views with regard to Shari‘a, but rather the decision to debate this issue and to enable others to clarify their views and what they adopt of interpretations of Shari‘a. This was criticized by some people who accused Al-Ghannushi of extreme hesitation and inability to impose a single opinion (Marks, 2014, pp. 1-2, 8).

Al-Nahda had remained capable of adhering to its institutional unity, despite being exposed to some crises as the differences within the party were not unruly and did not lead to splits or the formation of new parties. Despite the rumors that emerged about the formation of a new party by one of the party’s leaders “Al-Makki”, but he completely denied this and stressed that there is no possibility of splits within the party, although the existence of some institutional difference as they are not that acute and there is a high degree of commitment to the party’s basic line (Fouad, 2018).

The party adopted the mechanism of holding meetings for the party’s members in the National Constituent Assembly in the form of small external groups to discuss views and reach an agreement on the topics that will be debated at the committees of the National Constituent Assembly. As for the important and controversial issues, they were discussed and voted on within the Shura Council of the party, which has the largest representative group in the party after first being presented to the subcommittees which classify these subjects as important and then have them transferred to the Shura Council. All this helped the Party’s performance in the process of drafting the constitution seemed consistent and made the party appear as a unified and homogeneous entity (Marks, 2014, pp. 8-10).

It is worth noting in this respect that after declaring Al-Nahda Party a national party not belonging to political Islamists till December 2018, there is no concrete evidence of a real
separation between religion and politics or organizational distinction between the party and the movement, and there has been no decisive end to the confusion between being a political party and a comprehensive social movement; it was limited to the party’s attempt to redefine itself and its priorities and to advocate for its specialization in political, and developmental issues, away from religious ones, reflecting the pragmatism that the party started to adopt (Khareegy, 2011). But this doesn’t mean that the party has totally given up its Islamic reference.

5. Building alliances
Before discussing the cases of Egypt and Tunisia regarding the ability of Islamist parties to build alliances with other political forces, it should be noted that the process of building alliances for newly formed parties in the wake of periods of popular uprising against tyrannical regimes is not an easy process. It represents the greatest challenge to the various forces and organizations. Despite the state of cohesion and unity that maybe was created by popular uprisings at the beginning, differences in perceptions about how the democratic process will proceed will soon arise, reflecting the complexity of the process of change and future shaping, especially with the existence of multiple formulations on the construction process progress scenarios (Fahmy, 2018). Part’s establishment in such exceptional circumstances often push it to start the process of incursion and focusing its control in state institutions in an attempt to achieve an overwhelming electoral victory leading it to monopolize power.

5.1 The Egyptian case
Although FJP initially attempted to appear to be understanding of the principles of democracy and political and partisan pluralism, it was unable to maintain much of this appearance. It did not take time to observe and comprehend the new state of affairs of Egyptian society; instead, it hastened to reap a set of quick material fruits. It also did not seek to create a state of consensus or real cooperation with the forces that want a real political change in Egypt, and then the clash with the other and failure to build alliances was its reign feature. Thus, the crises created by the party occurred successively; the referendum crisis on the constitutional amendments on March 19, 2011 with the civil and revolutionary forces: The Brotherhood transformed this clash into a religious conflict, using religious symbols and quoting Quranic verses, and succeeded in altering electoral behavior by claiming that the referendum is on Islamic legitimacy, which prompted one of the young Islamists to say in evaluation of the Brotherhood practices at that stage: “We failed to build on the deep values that emerged during the revolution, and instead of taking the time needed in the transitional period, we chose to find superficial political solutions”. Another Islamist added, “Moving towards elections so quickly was problematic, because many parts of the revolution were not represented in the political process” (Brown and Dunne, 2015).

Before the first parliamentary elections, the Brotherhood launched a project on the formation of an electoral coalition, called the “Democratic Coalition”. The idea was initially promoted by 12 political parties and then increased to 40. The coalition included parties such as the Arab Democratic Nasserite Party, Al-Adl Party, Al-Wasat Party, Egypt Freedom Party, Al-Karama Party and other various political parties in Egypt. After a short period and with the desire of the FJP to have the hegemony and control of electoral lists, the electoral coalition failed with the withdrawal of a large number of parties (Farahat, 2014).

The party not only controlled the parliament but also sought to accelerate its control of the executive power, by exercising pressure through the Parliament on the Supreme Council of the Armed Forces to push the dismissal of the cabinet and the formation of a new one satisfactory
to the party. This reflected the party’s desire to take up the reins of government and state institutions, which led to the congregation of political forces opposing it (Al-Beshery, 2012). Following this crisis, the party breached its promises not to nominate a candidate for the presidential elections (Abdelfatah, 2013). The main reason behind this decision was the MB feeling that despite its victory in the parliamentary election it will not be able to have a full dominance over the lawmaking process in the aftermath of the constitutional declaration of March 2011 which limits the power of the parliament, leaving it with no real legislative power or supervision power on the government; besides, the implicit threats by the military council to dissolve the parliament (Jaraba, 2014, pp. 71-72). In the light of the attempt to justify this decision, Morsi said that MB does not have a lust for power, but the problem is that despite of their holding of the majority in the parliament they cannot carry out their duties (Pargeter, 2013). It was clear that the movement decided to run for the president to establish its control over the various political networks by filling any political vacuum, and it declared this decision in a joint statement with the FJP, which was an evidence on the real infiltration of the movement in the party and its decisions (BBC, 2012).

The FJP hastened to antagonize many political forces, which cost it a lot and led to the failure of its governance experience. This has escalated accusations against the Brotherhood that it betrayed the revolution and overturned it, as the FJP sought to marginalize the “non-Islamists” contributions to the constitution and isolated itself from the rest of the political forces; this might be largely due to the culture of the Brotherhood which is based on establishing a dividing line between its members and non-members, and seeking to make relations within it a closed family affair; a culture that evidently moved to the party due to the tight control of the movement on the party (Brown and Dunne, 2015).

The FJP sought to have its members prevail in the Constituent assembly established for the drafting of the constitution, and insisted that the representation of the Islamists to the civil stream in this committee be 55 to 45 per cent. This led many representatives of the civil parties to withdraw from the last meeting to set criteria for the formation of the Constituent assembly, such as the Free Egyptians Party and the Egyptian Democratic Party (Abdel-Lateef, 2012). The Brotherhood tried to impose its views on the Constituent Assembly, which led to the withdrawal of representatives of Al-Azhar, the Church, parties and civil forces (Al-Deen et al., 2014).

After Morsi came to power, his policies led to political and religious polarization, and to intensify differences and divisions with the opposition (Al-Deen et al., 2014, p. 176) as was stated in the previous section.

The crisis of the constitutional declaration issued on November 22, 2012, in which he sought to gain further control for the Brotherhood and immune his decisions, not only led to a wave of anger and rejection by the parties and civil forces, but the crisis escalated to the extent of the resignation of many of the President’s advisers to confirm their protest against this declaration (Awad, 2014). Even in his relationship with the Islamists, although at the beginning it was indicative of a degree of convergence, but it soon entered a new phase in which there was a freeze of relations between the two sides, and even reached to hidden clash sometimes with Al-Noor Party, despite being ranked second in terms of parliamentary representation, as the presidency and the FJP ignored it and disappointed its expectations in getting an influential share in Kandil’s government or in the governors and city councils nominations (Shalata, 2017, pp. 79-81).

Tension returned again in the relationship between the FJP with Al-Noor, which accused the Brotherhood of seeking to control the top executive positions and giving the rest of the Islamist forces only honorary posts. Clash was heightened when Khalid Alam Eldin was dismissed from the advisory body and accused in a corruption case, and the Salafist Bassam
al-Zarqa, leader in Al-Noor Party and the President’s adviser for political affairs, resigned as a protest against the situation within the presidential institution (Shalata, 2017, pp. 79-80).

And what widened such polarization and antagonism and accelerated the fall of FJP what happened in Morsi’s famous speech at the stadium, celebrating the victory of the 6 October, as he responded to the critics that were directed to his government accusing it of spending around 3 million pounds on Gomaa prayers, including the expenditures on guarding the prayer, transfer fees, aeroplanes monitoring if there is any threat, by accusing them that they don’t even know the Fagr prayers. Besides, the paradox that resulted from the provoking and shocking presence of the terrorist figures behind the assassination of Al-Sadat in such celebration, while the real heroes of such victory from the armed forces were absent from the scene (Hussein, 2013).

5.2 The Tunisian case

The Egyptian and Tunisian cases had not only set different patterns in the decision-making process inside the Islamists parties but also set different patterns in the Islamists parties relationship with other forces for the same aforementioned reasons, while focusing on an important reason that affected the performance of Al-Nahda Party and its adherence to the option of national consensus, which was the effect of the fall of Islamists rule in Egypt in 2013. Thus, the features of Al-Nahda Party’s rule regarding its relationship with other forces can be summarized as follows; Since the early days of the rise of popular protests, consensus and adherence to national dialogue prevailed on the rhetoric and political practices of Al-Nahda, a language that it retained after that and never give it up. In December 2010, the Movement announced, in a statement after the outbreak of popular demonstrations, its solidarity with these protests and called on all political forces to hasten participation in national dialogue to face the escalating crisis in the country (AL-Nahda statement “Implications of burning nation”, 2010).

In early 2011, Al-Nahda called for the formation of a Constituent Assembly, representing all political trends and civil society institutions, and carrying out the task of drafting a democratic constitution for the country, laying the foundation of the parliamentary system and distributing power at the widest level. It also called on all opposition political forces to participate in a national dialogue aimed at laying the foundations of the new democratic societal project of Tunisia (Al-Nahda statement: Al-Nahda determines its stand from what’s happening in Tunisia, 2011). The fact that Al-Nahda Party sought to establish a mixed system in Tunisia with the expansion toward parliamentary system was a plus step for the party, as this system gives some degree of political protection against attempts to monopolize power (Al-Shobaky, 2016).

In February 2011, Al-Nahda called for starting to form a transitional national unity government supported by all political and social forces and after a series of extensive consultations in which no party is marginalized (Al-Nahda statement after the resignation of Al-Ghannushi government, 2011).

Al-Nahda Party in Tunisia did not seek at the beginning to seize all higher posts in the State, as did the FJP in Egypt, but preferred to share these posts with the moderate liberal and leftist forces. It did not participate in the presidential elections in which Marzouqi of the Congress Party for Freedom was a candidate, and left the post of the chairman of the Constituent Assembly of the Constitution for Mustapha Ben Jafar of the Democratic Forum for Labour and Liberties, while it took over the presidency of the government through Hammad Al-Jabali (Al-Shobaky, 2016, p. 137).

Unlike the FJP, which witnessed many crises in its relationship with the other, Al-Nahda’s elites succeeded in overcoming many crises with other parties’ elites, especially
liberals, which enabled it in 2014 to release the new Tunisian constitution with a semi-general approval (Al-Deen et al., 2014, pp. 178, 180). Al-Nahda's experience in dealing with society reflected a real understanding of the nature of the societal context in which it existed, which was closer to secularism and far from being religious and conservative. It did not seek to be strict with the society or to impose a certain religious and moral system that might clash with the Western culture in which it existed and did not try to enter into confrontation that would lead to hostility with the society and political forces, by trying to conform to the general trend in the state and society (Saleh, 2012, Vol. 47, Issue 188, p. 22).

The party refused policies of exclusion, rejecting what was known as the political isolation law. Such vision represented an understanding of democracy and its mechanisms, as it considered that people will judge the symbols of the former regime through ballot boxes, not by exclusion, and that in contrary with the Egyptian case. Moreover, Al-Ghannushi made a statement prior to the elections, that even if he obtained parliamentary majority, he would form a coalition government and will not seek to control government for Tunisia's interest, development and stability (Al-Shobaky, 2016, p. 126, pp. 128-129).

The experience of the coalition government (Troika) led by Al-Nahda is the first experience of participatory rule witnessed by an Arab state between Islamists and secularists. The belonging to the revolution's objectives combined the two different streams, with political consensus as their slogan (Solaymani, 2017; Al-Shobaky, 2016, p. 126).

Al-Nahda Party, under the judicious leadership of Al-Ghannushi, managed to feel the tension in Tunisia's internal political scene and the protests in June 2013 against the Brotherhood's rule in Egypt, and realized that the experience of the Islamists in government became at stake after its popularity subsided and faced reverse repercussions due to policies of authoritarian substitution, the survival foundations of the Islamist parties in power began to fall across the Arab countries, and the survival of these parties as a legitimate political faction became threatened by emulative linkage equations (AbdelSalam, 2014). As a result, Al-Nahda responded to its opponent bloc that demanded its abdication of power (Fakir, 2017). Therefore, the government of Ali AL-Areed was formed and did not last much as the assassination of the opposition leftist MP Mohamed Brahmi in July 2013 revived the crisis, escalated demonstrations against Al-Nahda, and the opposition withdrew from the Constituent council (Al-Deen et al., 2014, p. 179).

Then came the second response of Al-Nahda when Al-Ghannushi met with the head of Nidaa Tunis movement, who was leading the calls for the departure of the Troika and the dissolution of all the institutions ensuing of the elections of the Constituent Council (Solaymani, p. 5). Then Al-Nahda Party accepted the quartet's invitation, sponsored by the Tunisian General Labour Union, the Tunisian Confederation of Industry and Trade, the Tunisian Bar Deanery and the Tunisian League for the Defense of Human Rights, for the participation of the Troika and the Tunisian opposition in launching a national dialogue, and Al-Nahda accepted the outcome of the dialogue, i.e. Al-Nahda Party agreement to renounce power in January 2014 in favor of a government of technocrats that would prepare for the subsequent electoral merits (Al-Shobaky, 2016, pp. 49-50). Al-Ghannushi declared his acceptance of the political partnership with other political forces in Tunisia and that the concern of the Al-Nahda is not occupying higher posts but for the party to be influential and a partner in the situation in Tunisia and achieving stability in the country (Al-Ghannushi, 2016), which reflected that the party prevails national interest over its own interests. It also reflected the party’s understanding that, apart from electoral legitimacy, there was a legitimacy of achievement that it could not achieve through the Troika coalition.

At the elections, the party managed to get second place with 69 seats, after Nidaa Tunis party received the first place with 85 seats (Al-Shobaky, 2016, pp. 50-51), that is, the party
managed to continue as a partner in the Tunisian political scene and to retain a place within the new coalition government despite the difficulties that can be envisaged in an alliance between two forces that had such extent of political tension, especially as Nidaa Tunis led the sit-in against Al-Nahda, which is a plus point for Al-Nahda and indicates to which extent it has become flexible in terms of the formation of political alliances, capable of adapting to the political scene shifts, and believing in an important political principle: “yesterday’s enemies might become tomorrow’s allies”.

The party has expressed its desire to save the experience of consensus and participatory governance to a large extent, by accepting that its share in the government be, despite holding the second-place parliamentary bloc, only one ministerial portfolio and 3 Secretaries of State, while this government was formed of 40 members (23 ministers, 3 accredited ministers and 14 Secretaries of State). It is a symbolic and insignificant participation that does not match its weight within the parliament, and thus the second ruling coalition in Tunisia was established (Solaymani, pp. 5-7).

Regarding the presidential elections held in September 2014, the party decided not to nominate a candidate for the electoral competition on this seat and declared that it allows its members to choose the right candidates they believe could lead the democratic path in Tunisia (Al-Sayed, 2016). With this, analysts of the situation in the Arab region started to distinguish more precisely between Al-Nahda in Tunisia and the Muslim Brotherhood in Egypt (Marks, 2014, p. 7).

In July 2016, the parliament withdrew confidence from the government led by Al-Habib Al-sayd after the Tunisian President Bej Al-Sebsi announced his intention to form a national unity government, thus bringing the Tunisian political scene and political forces into a state of confusion. Following the announcement, a series of consultations led by Al-Sebsi began to form the government. These consultations ended on 13 July 2016 with the declaration of the “Carthage Document”, which included the signing of nine political parties and three national organizations. Al-Nahda succeeded in retaining a place in this document, thus remaining an effective component in the new political order (Solaymani, 2017, p. 7).

6. Results
The way in which the political parties were established, their relationship with the Social movements from which they emerged and their previous stands from party formation have institutional consequences on the political party. Parties formed under exceptional circumstances, such as popular uprisings and the resulting partisan liquidity, are less respectful of law and more willing to achieve rapid and huge electoral victories to reach power. Moreover, it is necessary to achieve functional and organizational separation between the party and the movement it emerged from so that the party can manage and conduct political work in an independent and flexible way and to be able to read the current balance of power. If not, it often ends with the party’s failure to rule, eroding its legitimacy and collapsing.

It seems that Al-Nahda party had managed to escape the fate of the MB in Egypt and learnt the lesson behind its one-year-rule experience. And it was able to determine that its main target is to achieve political survival and to secure its active presence on the political arena by showing its capabilities to adapt with the changes and challenges in the surrounding environment, its flexibility in making compromises and building alliances with other political powers and the necessity of creating dividing lines between the movement and the party even if this will result in losing some of its supporters.
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Iranian quest for regional hegemony: motivations, strategies and constrains

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Abstract

Purpose – The purpose of this paper is to study and specify to what extent Iran will succeed in being a regional hegemon. The paper is devoted to clarification of the constitutive elements for regional hegemony. These elements will be related to an actor’s perception of its role and regional perception, and how these hegemons exert power, do these work for the public good in the region (provision) and how this regional power projects power and exerts power to influence others’ preferences and values without reference to violence (projection). For the Middle East, Iran emerged as a key player in most regional conflicts and it tried to increase its sphere of influence as a regional hegemon. Therefore the question here would be: To what extend could Iran succeed in being a regional hegemon and what are the circumstances that could enhance or constrain this Iranian ambition? So the aim of the paper is to look at three dimensions in general and see whether Iran makes a plausible candidate for regional hegemony. The paper outlines the essential traits of a regional hegemon, and the main elements that constitute a regional hegemony such as perception, provision and projection, and then analyze how Iran follows those elements by analyzing internal perceptions of the Iranian elite about Iranian regional role, regional acceptance, provision of public good, projection and finally impact of the relation with external great powers. Through analyzing its regional strategy in Syria and Iraq since 2003, the year of invasion of Iraq, since ever a political vacuum was created, that enabled Iran to extend its regional influence, after the fall of its historical regional rival, Saddam Hussein baathi regime.

Design/methodology/approach – The study adopts an analytical framework of analyzing a regional hegemony strategy which is approached by Miriam Prys in her study “Hegemony, domination, detachment: differences in regional powerhood” to study and analyze Iran’s regional behavior as one of regional power that is seeking regional hegemony. This analytical framework is one of the most significant analytical tools that interests in the study of the behavior of regional power and identify the constitutive dimensions for regional hegemony such as self-perception, regional perception, provision and power projection.

Findings – The study concludes that there are obstacles completely in front of achieving the Iranian quest to regional hegemony over the Middle East. These are the continuing US involvement in the Middle East and the consequent tense relationship between Iran and the USA. It is most unlikely that Iran will be hegemonic state over the Middle East as long as there are refusal and resistance from other regional states for Iranian regional role; as each of regional powers has tools to contain the influence of the other. The Iranian regional behavior that is sectarianism-based, whether to protect Shiite shrines and holy places or to protect Shiites in the region, such policies deepen the ideological and sectarian conflicts. It also has not provided an attractive cultural model for the peoples of the region.

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The author would like to thank Professor Ali Eldean Hilal and Professor Soad Mahmoud for their remarks on the paper.
Research limitations/implications – This paper enhances the deep analysis of the Middle East dynamics through the prospective of regional power. Also, the paper focuses on the analysis of the relation between great power and aspiring regional power and the impact on its strategies.

Practical implications – This study enhances the understanding of how Iranian decision-makers perceive their regional Iranian and the threats. Moreover, the tools that Iran uses its hard power and ideational one to create regional followers and change its allies’ normative and value systems to come in line with its national interests. Moreover, the study tries to measure the actual Iranian influence, its weakness and strength so that the Arab states and the West could behave in a fruitful way.

Originality/value – In the final analysis, the paper offers an insight into the regional behavior and the importance of external power in regional dynamics and to what extent the regional hegemon is applicable to Iran.

Keywords Iran, USA, Hegemony, Regional hegemony, Regional power

Paper type Research paper

1. Introduction

Recently, Iran’s role has clearly emerged as influencing in the Middle East and it has a significant impact on region affairs. Simultaneously, there has been controversy over the characterization of this role, as well as Iranian interests. As, Iran’s political discourse includes visions and perceptions implying claims of regional hegemony, and this hegemony guides and determines the conduct of Iranian foreign policy. Thus, this study seeks to analyze the regional strategy adopted by Iran within the context of its regional aspirations. In this vein, the study examines the tools of Iranian influence within the region and their interaction with state and non-state actors to demonstrate the effectiveness of those tools in achieving the Iranian course of action as a regional hegemony, factors that allow or limit such hegemony and the difference of the effectiveness of these tools when facing various regional actors.

Accordingly, this paper deals with the theoretical study of the regional hegemony concept as a sub-concept of global hegemony to understand Iran’s foreign policy deeply. In addition, the study explores the constrains of establishing a regional hegemony by focusing on analyzing the internal and subjective factors of regional power itself and its perception of its role, and then the regional and international responses of this role; that is, the responses of regional neighbors toward such a role, the influence of external powers on both the regional dynamics and the role of the regional hegemonic power.

2. Definition of hegemony

The subject of this study comes from within the theoretical framework concerning the uneven power relations between states in a regional system. IR approaches such as long cycle theory, power transition, hegemonic stability theory and hegemonic war, defined and dealt with hegemony through the way they approached the concept of power. These theories also dealt with the power relations and interactions between the dominant state and the less powerful states in the international system. Several theoretical trends can be distinguished as Realism, recognize power through the control over material capabilities, liberalism focused more on non-material or soft power. New Gramscian focus on normative values to influence preferences of others.

There is no general consensus on the definition or the use of the term because there is no single coherent conceptual framework for it. Hegemony means exercising a form of domination or control owing to the predominance of the capabilities of a state. Gilpin defines it as “a single powerful state controls or dominates the lesser states in the system.”
According to David Rapkin, the concept has various denotations, as Oxford Dictionary defines the concept as: “the leadership especially by one country”; the concept means, according to Third New International Webster Dictionary, “preponderant influence or authority, as of a government or state; leadership, dominance” (Craddock, 1995, p. 18). According to the power transition theory, the hegemonic power is:

[...] a satisfied power, especially in the absence of any conflict or challenge to its hegemony.

Therefore, the hegemonic state defends and supports the status quo. Such state creates and maintains the international or regional system in order to achieve its interests (Mustafa and Seinger, 2009).

Sandra Destradi defines it as: “a form of exercising power through strategies that are more subtle than those are used by imperialist powers.” This means practice pressure to provide material incentives and prevail the values of the hegemonic state to achieve its interests. While Heinrich Triple considered hegemony as “a form of intermediate level of power that extends from mere influencing to achieving domination. It is characterized by highly self-restrain by the hegemonic state and not to resort to the use of coercive power.” There are also those who define it as: “a political system, whether regional or global, in which the way of thinking of the hegemonic state prevails without resorting to the use of coercive” (Prys, 2010, p. 484).

Joseph Nye argues that: “The term hegemony is applied to a variety of situations in which one state appears to have considerably more power than others”. According to Nay, hegemony is the various situations in which a state has more power than other states (Nye, 1990, pp. 177-192).

The study will adopt the definition of hegemony, which includes the predominance of a state in terms of the aspects of power and influence on others by setting its rules and regulations.

Accordingly, the various definitions of world hegemony show that hegemony comes form the uneven distribution of power resources, which could be economic and military capabilities; however, some scholars emphasize the importance of the normative aspects of hegemony that is not built on the material power only, as it aims to achieve a degree of consent in the system established by the hegemonic state/power. In other words, the secondary states accept the policies of hegemonic state when they believe these aim at achieving public interest of the system not the private hegemonic power interests. Consequently, the hegemonic power policies become global. So hegemony does not mean just fulfill the interests of the states in the system, but also include their acceptance of this system. Therefore, the importance of the other’s perception of the hegemonic power illustrates the relation between the practice of power or influence and the legitimacy, and eventually achievement of the interests and benefits of all parties of the hegemonic system.

2.1 Regional hegemony
It should be pointed out that tackling the concept of the regional hegemony pays attention to the study of regions, and regional powers. Therefore, the study will begin defining both the concepts of region and regional powers.

Four trends can be distinguished on the criterion of identifying the regional system. The first trend focuses on the importance of geographical proximity. The second focuses on interdependence and regulation at the regional level, including political and economic interactions. The third, in contrast, stresses the importance of social construction. Regions should not be determined through geographical communication, but through socio-political culture and economic interaction between countries that often exist in the same geographical
region (Acharya, 2007, pp. 629-652). The fourth focuses on security interdependence in identifying regions within the context of “the regional security complex theory.” This theory defines the region as “a set of units, whose security operations are generally linked to one another, making it difficult to deal with any security dilemma separately from others”.

The distribution of power is a significant factor in determining the structure of the regional system, and the pattern of its interaction. It determines the possibility of a regional power emerging within the system and then the existence of hegemonic power. Most of the studies have agreed that the regional power is part of a geographically defined area and has the will to take responsibility of the regional affairs, through projecting its material and normative power capabilities which are necessary to project its regional power and influence over regional affairs (Flemes, 2010, p. 7).

In some cases, the regional power could follow a strategy that aims at achieving regional hegemony. Then the question would be here: Is the concept of hegemony applicable at the regional level of analysis as it is at the international one? Many studies have described regional hegemony as a form of world hegemony. Other studies have distinguished between regional hegemony and world hegemony. Prys (2010) considered that any definition of hegemony lacks indicators that are applicable for clarifying what makes regional power a regional hegemony, so she identifies constitutive elements from the IR literature dealt with the phenomenon of hegemony. Prys uses an analytical framework for analyzing hegemony based on a constitutive dimension, which are self-perception, perception by others, provision of public goods, and (projection) of power, through tools and relations with lesser states or actors.

These dimensions are necessary conditions for establishing a hegemonic regional system (Prys, 2010, p. 490) taking into account the importance of the impact of the external factor – the external involvement – when analyzing regional systems. The external role has an impact on strategies of regional power; it could enhance its course of action or put limitations on strategies it follows. Holsti has already stressed that the external factor that represents one of the external pressures that may arise, whether from regional neighbors or from outside the regional system. Therefore, the study will rely on the analytical framework presented by Miriam Pyrs to apply it to Iran’s regional strategies, to explore if Iran follows similar strategies, and the constitutive elements of regional hegemony and what are the constrains on it.

Perception means that decision-makers in states seeking hegemony have perception and awareness of this leading role. This concept is close to the concepts of the national role and how decision-makers define policies, decisions and rules and the position of their country at the regional and international levels. Put differently, tackling of the political will is essential when analyzing the regional hegemon. This is called the internal/self-perception. As there is also external perception which means, other countries’ perception of regional hegemon role, and to what extent they accept or resist such role.

While, the provision of public goods means that the hegemonic power provides all forms of public goods. In this regard, traditional hegemonic theories assume specific public goods such as establishing an open trade system, preserving the exchange rate system, providing loans and coordinating macroeconomic policies. These benefits reflect the biased perception of the role of American hegemony globally that prevailed after the Second World War. In this context, the hegemonic stability theory (HST) has been used in the context of dealing with the role of the hegemonic state in the international system from a functional approach. The theory has appeared in the context of justifying the system of a preponderant state in the international system in term of material capabilities, as well as ensuring the benevolent nature of the concept. It is based on an idea that the world needs a state for controlling the
resources of the material power and setting the rules of free trade among the members of the system. And this would lead to stabilizing the world economic system, as this hegemon would move from egoistic imperative to the creation of a stable environment. Accordingly, the hegemonic state uses its resources for the stability of the system and maintaining system. The efforts of stability link to the provision of public goods to the secondary states in the system. Hence the secondary states should benefit from the advantages of such stability and system created by the hegemonic state, which means the free riders (Prys, 2010, p. 490). The provision of public goods, by the hegemonic state is a deliberate act to enhance its influence in the region (Prys, p. 16).

The types of public or collective goods that are provided by the hegemon would be different when talking at the regional level than the global one. And this would be result of the scale of fields the regional hegemon could fulfill its requirements, or the limited capabilities of the regional hegemon compared with the global one. In this context, the public goods at the regional level could range from providing regional stability and security through enhanced military capacity, or identity, or common mechanism for conflict resolution or infrastructure.

Projection is related more to the relation between the hegemonic power and secondary states in the region. It shows how the regional hegemony exercises power and alters other preferences and values through incentives as well as subtle tools such as socializations and persuasion without resorting to the use of coercion (Prys, p. 496). Here the regional hegemon affects the interests of regional neighbors and tries to bring their interests in line with its private interests. Projection was evaluated with regard to the mechanisms used to affect states. For example, how the regional hegemony could persuade regional neighbors to enter the free trade agreement proposed by the hegemon, or how it mediated during conflict resolutions and negotiations, or has the ability for setting the agenda of regional organizations, intervening in states of conflicts and constructing a similar political system, training of administrative and officers mainly after wars. So, projection demonstrates how the substantive beliefs of lesser states could be changed through the hegemon intervention (Prys, p. 495/494).

So all the aforementioned dimensions are required for constituting regional hegemony; however, before any claims for hegemony, a regional power must be preponderant in terms of material capabilities in advance.

3. Iran’s regional role

The study has analyzed Iran’s quest to establish regional hegemony by tackling the constitutive elements of regional hegemony as proposed by Miriam Prys, which are, perception, provision of public good and projection of values and interests of the hegemonic power. The paper will address these conditions in the following section.

3.1 Elements of Iran’s material power

Iran has comprehensive power that enables it to play an influential regional role, and not full domination. Regarding the military, Iran has succeeded in creating one of the most powerful armies in the region. The Iranian army consists of 523,000 personnel. It has conventional arms such as tanks, ships, submarines, fighter aircrafts and helicopters and it has developed nonconventional military capabilities such as ballistic missiles (Middle East Report, 2018). Economically, Iran has many advantages as a result of its geographical location, which provides it with oil and natural gas reserves. Globally, the Iranian oil market ranks fifth where its productive capacity is four million barrels per day. In addition, Iran’s natural gas reserves are estimated at 17.5 per cent of the total gas reserves. Iran’s gross domestic
product is estimated at $1.63tn. The share of per-capita GDP is estimated at $20,000 (Itzchakov, 2018). Iran’s crude oil production is about 4,068 million barrels a day (2016/2017) to reach the fifth rank globally, while its crude oil exports reached 1,342 million barrels a day (2014) to reach twelfth rank globally. These figures show the difference before and after signing the nuclear agreement and lifting the international sanctions imposed on it. However, on January 1, 2017, Iran’s crude oil reserves reached 1,584 billion barrels and ranked the fourth globally. In 2015, Iran’s natural gas production was about 1,488 billion cubic meters, ranking the third globally. While natural gas reserves were 335 trillion cubic meters in 2017, ranking second globally (The World Fact Book, 2018).

What is mentioned above could provide material capabilities to enable a certain regional power to claim a leading or hegemonic regional role, but as long as power is relative, so when it comes to other regional power capabilities, it is clear that other regional poles outweigh Iran’s capabilities in many aspects. For example, according to estimates by SIPRI Institute, Saudi Arabia’s estimated budget of $63.7bn in 2016 has made the kingdom the largest military surplus in the region and the fourth largest arms supplier in the world. Saudi Arabia was one of the top 15 military spenders in 2016. This is in the same time there were structural constraints on Iran’s military expenses. But it was obvious that Iran’s military spending declined by 7.3 per cent between 2007 and 2016, but rose by 17 per cent between 2015 and 2016 which only enhanced the positive impact of the lifting of international sanctions as the Iranian economy improved and the government had the freedom to increase military spending. UAE was the second largest military spender in the region in 2014. Israel was the 15th largest military spender in the world in 2016, and 18th largest military spender globally.

The figures in Table I show the comparison of Iranian economic capabilities with regional neighbors’ economic capabilities.

Iran suffers from major problems in economic indicators that put it at a lower rank among other regional powers: high increase in inflation, youth unemployment, low income from oil due to sanctions imposed on energy sector and low oil prices in the international market. So Iran tried to depend on local manufacturing to overcome its economic problems and sanctions imposed on it since 30 years. Iran also tried to deepen its economic relation with partners outside the region, such as China, India and Russia.

<table>
<thead>
<tr>
<th>Country</th>
<th>Unemployment, total (% of total labor force) (national estimate) 2017</th>
<th>Current account balance (BoP, current US$) 2017</th>
<th>GDP (current US$) 2017</th>
<th>Inflation, consumer prices (annual %) 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>12.1</td>
<td>–</td>
<td>4.54</td>
<td>9.9</td>
</tr>
<tr>
<td>Egypt</td>
<td>11.7373</td>
<td>–8.9</td>
<td>2.35</td>
<td>29.5</td>
</tr>
<tr>
<td>Bahrain</td>
<td>–</td>
<td>–1.6</td>
<td>3.53</td>
<td>1.3</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>5.89</td>
<td>1.52</td>
<td>6.87</td>
<td>–0.83</td>
</tr>
<tr>
<td>Qatar</td>
<td>0.14</td>
<td>6.43</td>
<td>1.67</td>
<td>0.40</td>
</tr>
<tr>
<td>Kuwait</td>
<td>–</td>
<td>7.76</td>
<td>1.2</td>
<td>2.17</td>
</tr>
<tr>
<td>Oman</td>
<td>–</td>
<td>–1.1</td>
<td>7.26</td>
<td>1.59</td>
</tr>
<tr>
<td>Turkey</td>
<td>10.8192</td>
<td>–4.7</td>
<td>8.52</td>
<td>11.14</td>
</tr>
<tr>
<td>Israel</td>
<td>4.215</td>
<td>9.97</td>
<td>3.51</td>
<td>0.24</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>2.463</td>
<td>–</td>
<td>3.83</td>
<td>1.96</td>
</tr>
</tbody>
</table>

Hence, Iran tried to compensate the status of not being preponderant in material capabilities by depending on soft power tools such as ideology, and intervening in intra-state conflicts. Hence, Iran developed its military capabilities as a result of its security concerns, so it is developed its arsenal of asymmetric weapons and nuclear energy program. Moreover, it used to perform provocative naval activity in the Gulf and threaten every now and then to close the Humuz strait; such Iranian behavior was to project and display power in the Gulf and to put pressure on Arab and Gulf states and their alliances.

3.1.1 Perception

3.1.1.1 Internal perception. The sense of regional exceptionalism and distinction in Iran dates back to the beginning of the Safavid state in the sixteenth century (1501-1732). Iran feels distinguished from the Arabs. This made the Iranian elite present the Islamic Republic as a revolutionary model that can be followed. It used to export its model through a value and normative system. It used material and non-material tools to achieve goals such as exporting the revolution to its surrounding neighbors. Also, Iranian perception depends on presenting the image of the responsible toward regional affairs, through ideas such as supporting vulnerable people, resisting global arrogance and colonialism representing in USA and Israel, establishing a global Islamic awakening and representing itself as the center and protector of Shiites minorities in the Middle East (Warnaar, 2013, p. 101). The Iranian Supreme Leader Ali Khamenei said before that:

[...] the Islamic Republic of Iran has been established on the basis of the principles of promoting religious and spiritual values, enhancing global justice, and fighting against the imperial, colonial powers (Warnaar, 2013, p. 109).

3.1.1.2 Perception of other regional states. The regional response to Iran’s regional strategy in the Middle East stems mainly from the nature and attributes of the Middle East as a regional system. The Middle East is characterized by: first, the Middle East region is conflictual not cooperative environment; second, the intensive use of hard power rather than soft power; third, the Middle Eastern states neither cooperate nor employ the regional resources for regional development goals; fourth, the USA penetrates the Middle East as an extra-regional power (Beck, 2014, p. 5). Thus, consequently as an aspiring regional influence, Iran has relied on its military capabilities with regard to the unstable regional environment, the absence of regional cooperation and resistance and the weak relations with its neighbors. In essence, Iran’s role and influence in the Middle East region have significantly increased after the US invasion of Iraq in 2003 and the overthrow of Saddam Hussein’s regime. On the institutional and organizational cooperation side, Iran is not a member of any regional security or economic middle eastern institutions; it is not a member neither in the Gulf Cooperation Council (GCC) nor any security arrangements set by the USA in the Gulf region. This regional isolation could be a result of many reasons; first, its penetrative foreign policy in other states’ affairs, which led to conflicts and lack of bilateral and multilateral cooperation; second, the different perceptions of threats and differing interests. However, at different times, Iran also sought to rebuild its relation with the GCC countries that did not trust Iran’s regional interest.

There are many indications of regional resistance to Iranian increasing influence. The most significant indicator of the regional refuse to Iranian regional behavior is that Arab countries and Iran have different views on the conflicts of the region. Most conflicts of the region after 2011 were on geopolitical, sectarian and ethnic bases; this led to regional polarization between regional and international key players. As for its regional strategy toward the regional conflicts, Iran has sided with Assad’s regime and Russia in the Syrian war, but it has fought alongside the US-led forces in Iraq against ISIS. While the Arab Gulf
countries took a different stance in Syria and supported other military groups, Iran did not engage in any action in Iraq. Iran has given priority to its national interests on regional security and stability. This was oblivious in Syria, Iraq and Yemen. Another indication of regional resistance is the increasing regional fear from Shiite groups, and the spread of the Shiite Crescent. Since the emergence of the Islamic Republic political system, Iran claimed that it is a protector and representative of Shiite in the region and the world. Concerns have been increased with the rise of Shiites in the period from 2003 until now. Furthermore, the Gulf countries were concerned about the nuclear agreement. Iran has signed agreement with (p5 + 1) on its nuclear program, raising concerns of Saudi Arabia and Israel. Although tension prevailed in the region owing to the development of Iranian nuclear capabilities, reaching agreement with the West was another factor of regional tension. The regional situation about the agreement differed; it ranged from welcoming and rejection, according to the bilateral relation with Iran, as The United Arab Emirates, Qatar, Kuwait and Oman welcomed the agreement, whereas Saudi Arabia supported the agreement after receiving assurances from US President Barack Obama. The Gulf countries and Israel show concerns with Iran’s announcement of its nuclear program. Israel considered the Iranian nuclear program as an existential threat, and it threatened several times to bomb Iranian nuclear facilities. Israel’s extreme stance against Iran was aimed to impose sanctions and deepen its isolation. Therefore, relations between Israeli Prime Minister Benjamin Netanyahu and US President Barack Obama were tense. Israel has rejected the Geneva Preparatory Agreement between Iran and the West in 2013 and the Framework Agreement of April 2015, and then the final agreement too. Netanyahu believes that the agreement has negative implications on Israel’s security and that it allows Iran to have a nuclear arsenal. Thus, Israel launched anti-agreement propaganda campaigns. Netanyahu also announced that he will persuade two-thirds of the US Senate to reject the agreement (The Arab Center for Research and Policies Studies, Policies Analysis Unit, 2015).

3.1.2 Provision of public good. The fall of Mosul at the hands of ISIS was a strategic opportunity for Iran, where Iran’s role in Iraq shifted from being hidden to a very clear one in fighting against ISIS in Iraq. Arguably, Iran’s influence in Iraq before 2011 is more different than that after 2011. Iran employed the presence of ISIS in Iraq and its role there to enhance its international and regional image as a provider of security in Iraq and that it fights a regional threat. This would help reinforce its international position and importance as a key player in the region’s affaires in front of the international powers. That is to say, fighting against ISIS led to the accepted presence and international recognition of Iran’s role. Some see Iran’s presence in Iraq with its tense relations with the USA, would provide Iran with significant influence in dealing with Western powers (Takeyh, 2008, pp. 13-30).

Therefore, Iran acts as a provider of regional security and stability. For example, during the war against ISIS, Iran provided the Iraqi Government and the Peshmerga forces of the Kurdistan territory with advisers from the Iranian Revolutionary Guards corps – the Quds Force, and it provided surveillance weapons, drones, arms and other direct military assistance as well. Owing to the weak capabilities of the Iraqi army, the Iraqi Government relied on Shiite militias affiliated to Iran to fight ISIS in Iraqi cities. Iran supports three Shiite militias, which became the most powerful military forces in Iraq since the collapse of the national army (Katzman, 2016, p. 32). This would allow Iran to play a key role in Iraq as a provider of stability and security. Consequently, it gets regional and international gains, and it appears to be the last resort and the regional protector against terrorism, especially in light of the US and the Sunni Arab countries’ slow response to face the danger of ISIS in Iraq. Thus, Iran gives impression that it is fighting terrorism which is a priority on the global security agenda.
3.1.3 Power projection through values and ideas. Iran is trying to show power through projection of norms and values. For example, its vision on the Gulf security issue focuses on establishing a Gulf security arrangements depending on participation of all countries that lie on the Gulf coastline and excluding any presence of foreign forces from any security arrangements in the Gulf region. As Admiral Ali Shamkhani (1979-2005), Iranian Defense Minister, expressed Iran’s vision on Gulf security:

The regional context requires specific security arrangements and a new defense system, which need the deep military cooperation between Iran and Saudi Arabia. Iran has also sought to convince the Gulf countries to establish a broader regional defense organization. Iranian President Khatami insisted on expanding relations with the GCC countries and considered this issue as a top priority on Iran’s foreign policy agenda.

In this context, a security agreement has been signed between Iran and Saudi Arabia on 17 April, 2001, which aims to combat terrorism, organized crime and drug trafficking (Lotian, 2018).

Recently, Mohamed Javad Zarif, Iranian Foreign Minister, expressed Iran’s perceptions for the Gulf Security:

The Gulf Security should encompass three points: First, the need to build a trust building measures and cooperation in this strategic region; second, the necessity of excluding mistrust, tensions and crises in the future, and the limitation of the regional security arrangements to the eight Gulf countries. Zarif has stressed that Iran will seek to provide further security in the region to achieve the interests of all countries. Iran has a great understanding of the diverse interests of the region; third, Iran has considered that the foreign actors are the source of instability in the region due to the different of interests of the foreign powers (Zarif, 2018).

In Iraq, since the fall of Saddam Hussein’s regime, Iran has strengthened its political influence through two mechanisms. The first is to shape and control the political process in Iraq. The second is to support militias and Shiite groups. Iran main interests in Iraq are to be sure about a central unified Iraqi Government and not to allow the emergence of a strong rival Iraq, such that it can pose a threat to Iran similar to what happened in the 1980s. Therefore, Iran has relied on the actors that fled to Iran during the era of Saddam Hussein. These parties have returned to Iraq after the fall of Saddam’s regime, making their relations with Iran institutional, ideological and emotional. These parties are the main foundation stones of the Iranian role in Iraq, whether through the political process or the formation of militias and Shiite armed groups. The Supreme Council for the Iraqi Revolution and the Islamic Call (El-Dawa) party are examples of these entities.

To achieve its interests and deepen its influence, Iran adopted specific tools to confront any potential threats. For example, it has supported its Shiite allies in Iraq and strengthened its relationship with Iraqi Kurds. In same time, Iran depended deeply to achieve its strategic interests on soft power such as ideology and trade. In fact, Iran was able to employ the ideology toward Iraq. This dimension includes also Iran’s attempts to compete with the religious schools (Hawza) in Najaf and to promote their rivalry in Qom, and increase the flow of Iranians and Iraqis to the holy sites. In fact, Iran has sought to enhance the affiliation and loyalty of Iraq’s Shiite to Iran and adopted religious policies to attract Iraqi’s Shiite away from clerics in Najaf.

In Syria, it could be argued that the important reason in deepen the relationship between Syria and Iran was Syria’s bias toward Iran during the Iranian–Iraqi war. However, Syrian–Iranian relations in the past 30 years were not free of tension and competition. There were controversial issues between them, but both sides soon managed to contain them. As for the role of Iran in the Syrian war, Iran has intervened completely in the Syrian civil war since its
inception and has supported the regime of Bashar Al-Assad strongly. In essence, Syria is the cornerstone of Iran’s regional strategy, which aimed at ensuring the axis of resistance in the region in the face of its regional neighbors and international powers. Hence, Iran has sought to preserve its interests in Syria by keeping Al-Assad regime in power. This is due to the fact that Syria is Iran’s strategic ally, and Iran’s cooperation with Syria is necessary to arm and protect Iran’s regional allies like Hezbollah, not to mention the fact that Iran fears that any Sunni groups, which are hostile to Iran, will come to power after Al-Assad regime. Therefore, Iran has provided the Syrian regime with the military and field support. When Al-Assad’s force began to lose its grip on some Syria’s lands, Iran intensified its operations in an attempt to restore the control of the state over these lands. When Al-Assad began losing its grip on Eastern and Northern Syria in 2012, Iranian operations continued to strengthen the grip of the Syrian regime geographically in Central and Southern Syria (Fulton et al., 2013, p. 9). Iran has directly provided Syria with credit lines, weapons and the advisers of Iranian Revolutionary Guard. Also, it has recruited Hezbollah and other non-Syrian Shiite militias from Pakistan and Afghanistan to fight in Syria. Iran is located inside Syria through its revolutionary Guard-Quds forces. According to estimations, Iran is deploying the members of the Quds Force and the Revolutionary Guard inside Syria, estimated at 1,300 to 1,800, in addition to the presence of some members of the Iranian regular army (Katzman, 2018, p. 33). Estimates also indicate that the Quds Force has recruited some 50,000 Shiite militia elements fighting in Syria. For instance, there are the bridges of Al-Naqaba movement (an Iraqi Shiite militia), and Baathist bridges (a militia that is loyal to the Baath Party). Iran trains these militias and para-military groups to achieve two goals. The first is to enhance Al-Assad military forces with additional forces. The second is to ensure the continuity of an Iranian military presence in Syria in the event of the fall of the Al-Assad regime. These militias moved east toward to the point where Iran could create a safe passage for supplies from Iran to Lebanon.

In June 2015, UN special envoy to Syria, Staffan de Mistura said that Iranian aid to Syria, including military and economic aid, totaled about $6bn a year. It has also allocated, over the past five years, about $100bn for the war, most of which was sent to Syria. According to estimates, Iran spends $20bn a year to aid Al-Assad. Some studies of the US Congress indicate that it is difficult to measure Iran’s aid to Syria accurately, in part because it includes a range of economic aid. In fact, there are processes to transport subsidized oil and goods, in addition to military aid. Syria’s Government has received $6.6bn in the form of credit since 2013. Also, Syria receives Iranian imports, including crude oil and food such as wheat and canned goods. Syria also has approved new Iranian investments in telecommunication, agriculture and mining (Katzman, 2018, p. 34). Furthermore, Iran has provided economic, political and diplomatic support to the Syrian regime to enable the Al-Assad regime to survive. Iran has increased its foreign trade with Syria, as in 2010, it has increased its foreign trade with Syria to reach €800m. In 2011, it has signed a memorandum of understanding with Syria for the exchange of natural gas estimated about $10bn. In 2012, a free trade agreement has been signed between both sides, and also an Iranian company has signed a contract at €400m for the construction of a new power station in Syria after Turkey has cut off electricity. In addition, a separate agreement has been signed between Iran, Syria, Iraq and Lebanon to connect electricity (Uzun and Eksi, 2017).

In contrast to Iran’s deep involvement in the Syrian war and seeking the survival of Al-Assad, Saudi Arabia has sought the fall of Al-Assad. As a result, both regional rivalries have involved in the Syrian War, which greatly affected Syria’s war dynamics. In general, the Iranian military and financial support for the Al-Assad regime and the support of the GCC countries for the other fighting parties complicated and prolonged the duration of the
war, besides the external actors that have become involved in the conflict in Syria, which was an obstacle to the political solution in Syria.

In fact, resisting Iran’s regional influence and different regional stands on regional issues can be attributed to the rivalry between Iran and Saudi Arabia. The rivalry between the two regional powers such as reflected on complicating the pattern of conflicts and increasing regional proxy wars, for example, tensions between Saudi Arabia and the USA on the Iranian role or Saudi Arabia’s stance on the war in Yemen and Syria. For example, in Yemen, Iran is accused of supporting the Houthi group; consequently, Saudi Arabia formed the Arab coalition forces in 2015 to fight the affiliated Iranian ally. Iran for its part has been involved in the Yemeni issue just to increase causalities in Saudi Arabia and worsen its position. Saudi Arabia has interest in containing Iran’s influence in Yemen and stop the smuggling of arms to the Houthi movement. Therefore, Saudi Arabia has waged air strikes against the Iranian-backed Houthi movement. This military campaign raises debate on Saudi Arabia’s military capabilities, which ranks the third among the arms purchases.

4. Impact of external actors on regional dynamics
The external impact on regional dynamics forms the regional policies of the Middle East. Regional powers in the Middle East have made strong relations with the USA. During the Cold War, the USA has sought to strengthen its relationship with the regional powers in the Middle East. Since the Islamic Revolution in 1979, Iran no longer allied with the USA, although the USA is the main external player in the regional security dynamics of the Middle East. The Iranian Islamic regime has long regarded the USA as one of the most important factors of instability in the Middle East. Therefore, Iran has sought to challenge the American influence in the region and rearrange the regional security structures by depending on the regional powers without intervention of foreign powers. Iran’s relations with the USA is under tension, although there are attempts to reduce tensions between both parties at different time periods. For instance, Iranian President Khatami has called for a dialogue of civilizations rather than a clash of civilizations. In 2009, President Obama delivered speeches on the Iranian–US dialogue, which were rejected by Iran. When Obama came to power, he adopted a new policy, which is based on reducing the US military involvement in the Middle East and putting an end to the global war on terrorism, pivot to Asia, and focusing more on geo-economic relations. Obama was attempting to handle the complex issues in the Middle East, such as terrorism, the fragility of states following the Arab uprisings, the vacuum of power and the fragile alliances. That is why Obama focused on two tracks, the first is the fight against terrorism and the second is to reach a nuclear agreement with Iran. Therefore, the USA formed an international coalition to fight ISIS. As for negotiations with Iran, Obama focused on finishing negotiations as a way to integrate Iran rather than confront it. The US administration believed that the agreement on the nuclear issue could facilitate negotiations on other regional issues such as Syria, Iraq and Yemen. Obama aimed to normalize relations with Iran and reintegrate it into the international community to contain its behavior. This strategy is an exception to the policies of previous American administrations. He wanted to create a balance between Iran and Saudi Arabia. Obama’s policy toward Iran could be divided into two periods. The first is characterized by pressure and economic sanctions. The second is characterized by being open to Iran to accomplish the nuclear deal, which coincided with the arrival of the reformist President Hassan Rouhani to power. As Iran’s nuclear program has also gained the great attention of Obama’s foreign policy toward Iran and the Middle East. According to Obama, there was a chance to convince Iran to curb its nuclear program by reviving the diplomatic relations between the two sides after decades of conflict and hostility. The American
Rapprochement with Iran resulted in an undisclosed cooperation between them concerning the threats of ISIS in Iraq, as the emergence of ISIS posed a major threat to Iran’s security interests. In fact, Iran was worried about the fall of its ally, the Iraqi Government, the threat of territorial disintegration of Iraq and the threat against the Syrian regime. Hence, The USA for its part has turned a blind eye to Iran’s military and logistical support for Iraq to fight against ISIS in Mosul. And Iran tried to image itself as providing security to the region and fighting terrorism.

Arguably, the undeclared US approval is a part of implicit consent for Iranian influence in Iraq. Both sides have the same interests, which are: the support of a stable Iraqi Government and the unity of Iraq territory. However, it is possible to note that understanding between the two sides was not as possible in Syria as it is in Iraq. The West and the United states have interests and goals in Syria that completely different from Iran’s interests. While Iran aims for the survival of Al-Assad regime, the USA and its regional allies aim for the overthrow of Al-Assad (Westermayr, 2018, p. 149). The nuclear agreement played a vital role in improving relations between the two sides. However, there is no agreement between them on the regional issues, and then relations have worsened. In addition, in October and November 2015, Iran has tested ballistic missiles, which violates the UN resolutions.

Obama’s motives for rapprochement with Iran stem from the fact that Obama supposes that the containment of Iran would prevent it from provoking the USA and its allies or act against their interests. Iran is seeking to avoid re-imposing international sanctions against it to achieve its interests. The US administration thought that the agreement between Iran and the West would strengthen the position of reformist wing in front of hardliners, as they are seeking to improve Iran’s international position. In addition, further cooperation between Iran and USA to address the other regional issues might be occurred. According to the US approach, Iran would change its strategy in the region after the agreement accomplished. Lifting most of sanctions related to nuclear materials under the joint action plan in 2016 resulted in oil extraction and increase in its revenues that led to rapid GDP growth. Sanctions imposed against Iran has had a major passive impact on Iran’s economy. Then, relief sanctions have contributed to the recovery of Iran’s economy to some extent. In May 2017, the re-election of President Hassan Rouhani has generated broad public Iranian expectations that the economic benefits of the joint comprehensive action plan would prevail to all levels of Iranian society. Rouhani will need to fix business and improve the banking sector in order to attract foreign investment and encourage private sector. Sanctions, which not related to Iran’s nuclear program, are still present and will continue but this would prevent foreign investors from dealing with Iran, in addition to concerns about a possible re-imposition of the nuclear sanctions against Iran again.

The withdrawal of the USA from the nuclear agreement in May 2018, under the Trump administration, is the most important obstacle to the Iranian regional strategy. The US withdrawal of the agreement has led to the return of US sanctions, which mainly targets economic pressure on Iran and hinders its integration into the world economy. As a result, European investors have become hesitant to enter the Iranian market afraid of US sanctions. They have compared the advantages of investing in Iran with the disadvantages that could be caused by US sanctions. Consequently, these companies refrained from making new investments in Iran due to Trump’s threat to re-impose the sanctions that have been lifted. And some foreign companies cancelled their economic agreements with Iran. Therefore, the Iranian currency has deteriorated and protests have been fueled several times in Iran in 2017 and 2018 due to the economic troubles. As a result to this economic trouble, Rouhani Government tried to make some internal limited
reforms to absorb the public unrest, such as the appointment of the president of the central bank and finance minister to ease the anger on Iranian street. The hardliner effects and voices have increased against the reformists. Now, it is difficult to predict the future of successive waves of sanctions and their implications on the Iranian economy, or the effect on Iranian regional strategy. But there is one fact, that is, Iran foreign policy is driven by the perception of the political elite not by the economic circumstances.

5. Constrains on Iran’s regional strategy

We can find that there are many constrains and limitations on Iranian regional strategy, that do not enhance Iran claims or pretention as a regional hegemon. Those constrains comes from the regional perception and the impact of external powers on regional dynamics. Those limit the options and strategies of Iran regional behavior. We can say for instance:

- **Dispersion of power in the Middle East**: As the Middle East has many actors that claim leadership and influence and seek domination in some cases. This is either by pretention or self-perception. There are Saudi Arabia, Egypt, Turkey and Israel. Even small states like Qatar claim regional influence. All of those states have their own tools that could be said to be counter-influence/hegemony of the other regional powers.

- **High degree of regional rivalry between all mentioned actors**: None of those regional powers recognize other states’ interests. They compete in the same sphere of influence, such as the Iranian and Turkish role in Syria, Iranian and Saudi rivalry in most of Middle East and the Egyptian and Saudi rivalry.

- None of those regional powers offer or project a definition of a regional security structure for the region of regional economic order, or even act as a representative for the region in international forum. And Iran is as like those states. It has material capabilities that qualify it to be a regional power in influence in some fields but couldn’t prevail or be uncontested regional hegemonic power that has recognition regionally and internationally.

- The rise and escalation of regional conflicts on sectarian basis. This widens the gap between Sunni and Shia Muslims and lead to the weakness of Iran’s model appeal among the peoples of the region.

It could be said that, tackling Iranian course of action in the Middle East has implications on both research and practice. As it enhances our understanding of how Iranian decision-makers perceive their role in the region and threats. Moreover, Iran employs tools to achieve its strategic goals based on hard power and ideational means to change its allies normative and value systems. It refutes the Iranian claim of hegemony and full control on region affaires. So the paper tries to determine the actual Iranian influence, and the weakness and strength of its foreign policy so that the Arab states and the West could behave in a fruitful way. On the other hand, the paper enhances the deep analysis of the Middle East dynamics through the prospective of regional power. Also, the focuses on the analysis of the relation between great power and aspiring regional power and the impact on its strategies.

6. Conclusions

The strategy of hegemony is reflected in the perception of Iran and its relation with neighboring countries. The Iranian discourse, concerning various developments in the region, indicates that Iran does not deal with other countries as an ordinary state or on equal bases. Iran always asserts that it is a pivotal and model state. It raises the idea that it is responsible for the region affaires and it has the capabilities that make it qualified for this role and that the
regional affairs are Iran’s business. Iran’s regional policies and alliances before 2011 have shaped what was then called the axis of resistance which was opposite to the axis of moderation. However, after the Arab uprising in 2011, and the disintegration and the fragility of many Arab states in the Middle East, Iran has been involved in many conflicts, which are based on sectarian basis. Iran’s alliances have formed what could be called a Shiite axis in front of the Sunni one led by Saudi Arabia. It employed various tools to achieve its interests. For instance, it uses the ideological tool in polarizing Shiite groups in the rest of the region. Since 2003 up till now, there has been a political empowerment of the Shiite minorities in the region was enhanced by USA. Iran contributed in constructing the post-Saddam political system and controlled the political process, and it tried to control the political process in Syria beside Russia to control the fate of the Al-Assad regime. Iran has benefited from this, although there has been significant disagreement within the Shiite camp. But the Shiite umbrella is the source of Iran’s influence, while at the same time it is a source of concern among Arab regimes. Furthermore, Iran’s regional strategy has employed a number of different material and non-material tools, to implement its foreign policy, including financial and military aid for its allied regimes and factions. Iran has sought to employ all regional developments from the period of US invasion of Iraq in 2003 to the period of the political turbulence in 2011 get recognition as a hegemonic regional power, and not to be ignored in any regional arrangements. Hence, Iran provided its regional alliances whether they are state actors or non-state actors with private goods. But it didn’t provide collective goods to the regions. On the contrary, Iran’s active foreign policy was provocative and was not welcomed from other regional neighbors, and this reflected in prevailing regional instability and rivalry.

Iran has sought to benefit from expanding its influence. However, Middle East’s regional dynamics are an outcome of interaction of regional factors and external factors stemming from the degree of external penetration/intrusion system, and the US involvement in the affairs of the region.

As a result, it is unlikely that Iran will succeed in achieving its quest of being a hegemonic power in the Middle East for many reasons; first, the characteristics of Middle East as a regional system, as it is the multi power system where regional rivalry is witnessed among its main regional powers; each of them has a countermeasure that hinders other actors’ quest for influence. Second, Iran’s quest for influence and hegemony led both international recognition and regional acceptance for its attempts to act as a regional power. Third, the cost of pursuing hegemony strategies due to reimposing economic sanctions and pressure through the great power, the USA.

As for the Iranian role in Arab countries’ situation, it has differed from time to time. They have moved from the stage of adjustment and non-confrontation with Iran before 2011 to the stage of confrontation and escalation against its influence after 2011. No Arab Gulf state is willing to give up the security role of the USA in the Gulf or to accept any security arrangements based on cooperation with Iran. In addition, the tense relation between Iran and the USA will an obstacle to Iran’s hegemony ambition. Therefore, the study concludes that Iran will not manage in achieving its quest for regional hegemony.

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Further reading


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Determinants of private investment in Egypt: an empirical analysis

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Abstract

Purpose – This paper aims to study the determinants of private investment in Egypt while accounting for uncertainty associated with financing decisions of the firm using time series analysis over the period 1982-2015. The analysis is based on Tobin’s (1969) Q-theory of investment. The variables used in the empirical model are investment rate, average q index, prices of capital goods, internal finance and external finance.

Design/methodology/approach – This research is concerned with the model specification of a dynamic Average Q model. In that respect, the current research describes the data, presents the empirical methodology and estimates the Average Q model of investment and obtains the results. The empirical procedures and results of studying the average Q model. It includes testing for the unit root in the time series, vector error correction model (VECM) and cointegration long run analysis, and finally estimations of the model under uncertainty and empirical results.

Findings – Stochastic shocks to the determinants of private investment in Egypt have their impact on investment rate. The representation of impulse response in VECM shows that a one standard deviation shock to the value of the firm has a positive impact on investment rate. Stochastic shocks to both internal finance and external finance have slightly positive response from investment rate. Also, a stochastic shock to investment rate has a positive yet declining response from itself. However, a stochastic shock to prices of capital goods has a negative impact on investment rate. The representation of variance decomposition in VECM shows that investment rate is positively affected yet at a declining rate by a one standard deviation shock in both internal and external finance during the period 1982-2015. Also, a stochastic shock in the value of the firm or in the prices of capital goods has a slightly positive impact on investment rate.

Originality/value – Investment and capital accumulation are the main vehicles for economic growth and development. There have been fluctuations in Egypt’s investment rates since mid-1970s due to variations in saving rates. Thus, it is important to present some policy implications that could potentially assist the enhancement of the Egyptian economy. In that respect, the estimated results of the empirical model show that changes in the prices of capital goods in Egypt are significant factors that have negative impact on investment rate. Prices of imported capital goods in Egypt are affected by foreign exchange market conditions in the form of significant changes in the pound exchange rate. Thus, foreign exchange market reforms, as adopted recently in the Egyptian economy and improvements in trade balance, are important steps to alleviate obstacles that hinder investment. Regarding the source of finance, the estimated results showed that changes in both internal and external finance have a positive impact on investment rate. In this case, it is the firm’s decision to choose the method of financing its investment depending on factors such as its market value, institutional size and capacity and the opportunity cost of the funds used in financing the required investment.

Keywords Uncertainty, Time series analysis, Investment spending, Q theory

Paper type Research paper
**1. Introduction**

Investment and capital accumulation are the main vehicles for economic growth and development. There have been fluctuations in Egypt’s investment rates since mid-1970s due to variations in saving rates associated with changing consumption patterns under market-oriented system and given the availability of foreign exchange reserves. This resulted in facing some economic challenges such as low economic growth, high unemployment rate, fiscal imbalances and trade balance deficits. Therefore, it is important to study the determinants of capital spending. The Government of Egypt has started serious steps to boost the Egyptian economy and create incentives to furnish for attracting investment opportunities. These include an open door policy, privatization programs, economic reform programs, enhancing the legal system, modernizing the financial sector and building institutional capacities.

In 1974, an open door policy was adopted which led to increasing the remittances of workers, and foreign investment and in turn a sizeable increase in economic growth. In 1991, an economic reform and structural adjustment program was launched to increase the economy’s rate of growth, attract foreign and domestic investment and encourage the role of private investment through privatization program. Because investment climate remains challenging, Egypt continues its efforts in 2016 with the implementation of a comprehensive economic reform program to address the economy’s fiscal and structural imbalances. The program includes the devaluation of the Egyptian Pound, the imposition of a new value-added tax (VAT), fuel and electricity subsidy cuts and a new civil service law. Structural efforts are trying to furnish a stable macro-economic environment to stimulate the economy, improve its productive capacity, increase exports, lower the rates of inflation and unemployment and increase investment. The issuance of a new investment law no. 72/2017 is expected to improve the ease of doing business, increase transparency for foreign investors and attract funds needed to invest in mega projects such as industrial and logistics zone around the Suez Canal, creation of a new national administrative capital and the development of mineral extraction opportunities.

Investment decisions are subject to uncertainty of market conditions and are affected by fundamental factors such as irreversibility of capital investment process, adjustment costs related to installation of new capital, delivery lags of machinery orders and information imperfection in financial markets. The present research focuses on only some of these factors and considers a variant of the neoclassical theory of investment, namely, the average Q model.

The rest of the paper is organized as follows: Section 2 discusses the average Q model. Section 3 presents the econometric model, empirical methodology and estimation results. Finally, Section 4 gives conclusion and policy implications.

**2. Average Q model**

The Q-theory of investment was introduced and elaborated by Tobin (1969, 1993) to link the unobservable expectation of the real or shadow price of capital to observable factors in the financial market. In this way, Q gathers all the relevant information of future expectations needed by a firm for an investment decision.

One measure of the demand for investment is given by average Q \( Q^A_t \), defined as the ratio of the market value of the firm to the replacement cost of the existing capital stock. That is, \( Q^A_t = \frac{V_t}{P^I_t k_t} \) where \( V_t \) is the firm value, \( P^I_t \) is the price of capital good, and \( k_t \) is the capital good.

It is worth indicating that average Q could be equal to marginal Q \( Q^M_t = \frac{\frac{\partial}{\partial k_t} \frac{V_t}{P^I_t}}{P^I_t} \) under certain conditions, where the latter is denoted as the increase of the present value of a firm’s profit corresponding to an additional increase in a capital stock. In general, researchers use the observable average Q rather than the unobservable marginal Q. If adjustment costs
depend on capital only, they will show diminishing returns to scale and profit increase will be less than proportional increase in capital i.e. \( Q^M_t < Q^A_t \).

Substitution between these two measures of \( Q \) is subject to the following factors: production and adjustment cost functions are linearly homogeneous, capital is homogeneous, product and factor market are competitive and investment decisions are separated from financial decisions.

According to Jorgenson (1963), \( q = 1 \) indicating equality between purchase price of capital and its discounted sum of future marginal revenue product (price = marginal revenue). In contrast, Brainard and Tobin (1968) assume that \( q \neq 1 \) because purchase price of capital is not equal to discounted sum of future marginal revenue product. They are equal without adjustment costs. This is considered fundamental in investment models.

The empirical investment model studied here is based on average \( Q \) as a variant of the neo-classical economic theory for a profit-maximizing firm. A benchmark model is based on the demand for investment that accounts for both: the proportional change of capital stock available at the beginning of the period, and the new investment determined by the distributed lags of new orders reflecting the change in the desired capital stock.

The benchmark model is the backbone mathematical equation that is used to obtain an empirical investment equation for a profit-maximizing firm. The firm’s maximization problem is:

\[
\text{MAX}_{L_s,K_s} E_t \left[ \sum_{s=t}^{\infty} (1 + r)^{-(s-t)} \{ F(L_s, K_s; \tau_s) - G(I_s, K_s; \tau_s) - w_s L_s - p_s I_s \} \right]
\]

Subject to:

\[
I_s = K_s - (1 - \delta) K_{s-1}
\]

where \( \delta \) is a geometric decreasing pattern of depreciation.

The firm chooses inputs that will support the maximization of the discounted sum of expected cash flow. This reveals that firm maximizes its market value rather than maximizing cash flows at a moment.

The elements of the firm value equation could be defined as follows:

\( E_t \) is an expectation operator, \( r \) is the discount rate, \( L \) is labor input, \( K \) is capital input, \( I \) is gross investment, \( w \) is price of labor, \( p \) is price of capital good, \( \tau \) is stochastic technology shock.

\( F(L_s, K_s; \tau_s) \) is the production technology function.

\( G(I_s, K_s; \tau_s) \) is the adjustment cost function for the new investments that could include internal and external costs. Adjustment cost in the investment function is considered as a form of expenditure and is assumed to be quadratic in gross investment and homogenous of degree one in \( I_s \) and \( K_s \) such that:

\[
G(I_s, K_s; \tau_s) = \frac{\alpha}{2} \left( \frac{I_s}{K_s - \tau_s} \right)^2 K_s
\]

where \( \alpha \) is an adjustment parameter indicating that the higher is the \( \alpha \), the higher is the adjustment cost denoted by a steeper function showing a slower rate of investment.

By using dynamic optimization model for a firm facing profit maximization problem, expectations and technology shocks are introduced to the benchmark model. Introduction of dynamic factors assumes that the firm faces adjustment costs while accumulating its capital.
stock. In this case, the benchmark model of the firm while considering dynamic optimization model is as follows (Chirinko, 1993):

$$\frac{I_t}{K_{t-1}} = \frac{1}{\alpha} \left( \mathbb{E}[\Lambda_t] - p_t^I \right) + u_t$$

The quadratic equation is theoretically consistent as it is derived from an optimization problem of a firm where adjustment cost, as an expenditure factor, is not part of the function for simplicity, such that:

- $\frac{I_t}{K_{t-1}}$ is the ratio of gross investment to lagged capital stock.
- $\Lambda_t$ is the unobservable shadow price of capital. It is the discounted sum of marginal revenue product over the life time of capital good evaluated at time $t$, i.e. it is the measure of marginal benefit of a firm $\alpha$ is adjustment parameter.
- $p_t^I$ is the price of capital good.
- $u_t$ is the error term including technology shock.

Chirinko (1993) shows that an empirical specification for the average Q model could be obtained using the above dynamic optimization equation. $Q_t^A$ is the main determinant of the ratio of investment to capital stock denoted by $\frac{I_t}{K_{t-1}}$. In the above investment function, the adjustment cost of capital is considered as expenditure and is dropped out for simplicity. The specifications of Q models directly include expectation parameter in the Q investment equation and thus accounting for expectations instability if exists.

This research is concerned with the model specification of a dynamic average Q model. In that respect, the current research describes the data, presents the empirical methodology and estimates the average Q model of investment and obtains the results.

3. Econometric analysis

3.1 Model specification

Using dynamic optimization techniques, the empirical investment equation for a profit maximizing firm is (Chirinko, 1993):

$$\frac{I_t}{K_{t-1}} = \frac{1}{\alpha} Q_t + u_t$$

such that:

$$Q_t = \left( Q_t^A - 1 \right) p_t^I$$

By substitution:

$$\frac{I_t}{K_{t-1}} = \frac{1}{\alpha} \left( q_t^A - 1 \right) p_t^I + u_t$$

$I_t$ denotes fixed investment and is assumed as a proportion of lagged capital stock installed in previous year, i.e. allowing for time to build which is empirically more realistic.

$K_{t-1}$ denotes lagged capital stock and is calculated by adjusting the value of the fixed capital assets for depreciation and inflation rates available at historical costs for the available data. The calculation of capital stock uses what is known as perpetual inventory
procedures which are applied for all years, starting from the earliest available data on historical fixed assets which is 1982 in this case. Calculating capital stock for each year in the time series is given by the following equation:

\[ p_t^I K_t = (1 - \delta) p_{t-1}^I K_{t-1} \left( \frac{p_t^I}{p_{t-1}^I} \right) + p_t I_t \]

such that:

- \( p_t^I \) is price of investment goods,
- \( K_t \) is capital stock in real terms, the term \( p_t^I K_t \) refers to capital in nominal terms,
- \( \delta \) is depreciation rate,
- \( I_t \) is real investment,
- \( \frac{p_t^I}{p_{t-1}^I} \) denotes inflation.

\( Q_t^A \) is average Q which is the ratio of the net added value of the firm to lagged capital stock, where the net value of a firm is taken as a proxy of its the market value. In this respect, average Q index (AQI) is used in the analysis as a measure of average Q. AQI is calculated by converting real value-added in the private sector into index numbers and then dividing the resulting series by the capital goods price index (PI), taking 1982 as the base period.

The data used in the analysis are of annual frequency covering the period 1982-2015. The investment data are obtained from bulletins of the Central Agency for Public Mobilization and Statistics (CAPMAS). The data for output and capital stock are logged and measured at 1982 constant prices, whereas all other variables are measured in percentage terms.

### 3.2 Empirical methodology and results

This section presents the empirical procedures and results of studying the average Q model. It includes testing for unit root in the time series and cointegration analysis for a vector error correction model (VECM). The estimation results are based on innovations analysis using impulse responses and variance decompositions.

The time series properties of the data are examined by unit root test using both types of specifications: augmented Dickey–Fuller (ADF) test and Phillips–Perron (PP) test to avoid spurious regressions (Hamilton, 1994). Regarding the (PP) unit root test, it is a non-parametric method of statistics which accounts for heteroskedasticity and potential serial correlation in the error terms for the time series under investigation. It is specified by the Newey–West using Bartlett Kernel spectral estimation method. The test regression for the variables is done with intercept only. Table I shows both unit root tests for the average Q model.

The Dickey–Fuller unit root test is based on the regression shown as:

\[ y_t = \kappa + \beta y_{t-1} + \epsilon_t \]

The augmented ADF test regression with a constant term and a trend can be written as:

\[ \Delta y_t = \kappa + (\beta - 1) y_{t-1} + \sum_{i=1}^{s} \delta_i \Delta y_{t-s} + \gamma t + \epsilon_t \]

where \( \Delta \) is the differencing operator.

The null hypothesis is the presence of unit root, i.e. anon-stationary series indicating that the ADF test statistics corresponds to \( H_0: \beta = 1 \). Schwartz criterion is used to suggest the lag structure for the test equation. All variables are examined in the log level form for simplicity except the constant depreciation rate. To ensure consistency and avoid serial correlation, the lag length of the autoregressive process is determined by the general to specific technique.
This method starts by examining the t-statistic while moving from longer lag length, getting down to the smaller one where the lowest lag length is assumed to be asymptotically or approximately normal. ADF test equation is re-estimated for a number of times until the significant lag length is found and indicated by the least value of Schwarz criteria. The null hypothesis $H_0$ of the unit root test is rejected if the absolute value of a test statistic of a variable exceeds the critical value in absolute terms. Zero lag length in the ADF test is equivalent to Dickey–Fuller test autoregression, i.e. only one lag interval is used in estimation. In the present case, test regression is done only with intercept or constant term.

Table I shows autoregression estimation of the variables included in the Average Q model of investment. Both ADF and PP t-statistics are estimated with constant term only as the data do not show a time trend, i.e. without time trend. The null hypothesis is not rejected for all variables using the log level form. The list of variables includes:

- Investment rate (IR) measured as the ratio of gross fixed investment to lagged capital stock.
- Average Q Index (AQI) used in the test equation as the measure of average Q (AQ).
- Capital goods price index (PI) presenting the price developments for machinery and equipment. This variable partly accounts for business uncertainty from conditions in the foreign exchange market as most of the capital goods are imported and financed through the banking system. The investor bears exchange risk related to indebtedness to the banks in foreign currency.
- Cash flow to lagged capital stock (IF) a proxy for internal finance IF, where cash flow is calculated as net income plus depreciation.
- Capital gearing (XF) a proxy for external finance and calculated as the ratio of outstanding long-term debt to lagged capital stock; it accounts for uncertainty in financial markets associated with asymmetric information.

From Table I, the results of ADF test and PP test reinforce each other as shown. The null hypothesis is not rejected using both methods of estimation for all shown variables in their log level form as the test statistics do not exceed the critical values at all levels of significance.

<table>
<thead>
<tr>
<th>Variable</th>
<th>ADF test results</th>
<th>PP test results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lag length</td>
<td>$t$-statistics</td>
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<tr>
<td>IR</td>
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</tr>
<tr>
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<tr>
<td>PI</td>
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</tr>
<tr>
<td>IF</td>
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<tr>
<td>XF</td>
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<td>-2.418</td>
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</tbody>
</table>

$First (log) differences$

<table>
<thead>
<tr>
<th>Variable</th>
<th>ADF test results</th>
<th>PP test results</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Lag length</td>
<td>$t$-statistics</td>
</tr>
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<td>ΔIR</td>
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<tr>
<td>ΔAQI</td>
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</tr>
<tr>
<td>ΔPI</td>
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</tr>
<tr>
<td>ΔIF</td>
<td>0</td>
<td>-6.640</td>
</tr>
<tr>
<td>ΔXF</td>
<td>0</td>
<td>-5.499</td>
</tr>
</tbody>
</table>

$Critical values for test statistics$

- 1%: -3.663
- 5%: -2.960
- 10%: -2.619

Table I.
and PP, reject the null hypothesis of unit root for all variables since the computed t-statistic exceeds the critical values in absolute terms at 5 per cent significance level as shown in Table I.

The next step in the estimation of a dynamic time-series model in which all variables are assumed endogenous is to carry out a multivariate analysis. This starts with formulating a vector autoregressive (VAR) system that captures short run dynamics. A VAR process of order \( p \) can be specified as:

\[
y_t = m + \sum_{i=1}^{p} A_i y_{t-i} + \epsilon_t
\]

where \( y \) is a vector representing the endogenous variables in the model, \( m \) is a vector of constants, \( A_i \) are matrices of coefficients and \( \epsilon_t \) is a vector white-noise process. The lag structure identified for the VAR model of the case in hand is found to be 1 using Schwartz criteria. In other words, a VAR(1) specification describes the short run dynamics of the present model.

As discussed under the univariate case, it is found that all the variables are integrated of order 1, i.e. all the variables are I(1). As a result, the model is tested for the presence of a long-run relationship. Johansen (1991, 1995) cointegration test shows that there is a long run relationship among the variables. Thus, the cointegrating relation may be represented as:

\[
\Delta y_t = m - \pi y_{t-1} + \epsilon_t
\]

where, in this multi-equation system, \( y \) is a vector representing the five variables in the model, \( m \) is a vector of constant terms and the matrix \( \pi = \alpha \beta' \) is the product of a column vector \( \alpha \) that denotes speed of adjustment and a row vector \( \beta' \) that denotes parameters of the cointegrating equation.

In the present model, Johansen (1991, 1995) cointegration test indicates that there is a long run relationship among the variables. Based on economic theory, the cointegrating equation may be specified as:

\[
\Delta IR_t = \mu + \alpha(\beta_1 IR_{t-1} - \beta_2 AQI_{t-1} + \beta_3 PI_{t-1} + \beta_4 IF_{t-1} + \beta_5 XF_{t-1}) + \epsilon_t
\]

where in this single equation, \( \mu \) is a constant term, \( \alpha \) is a coefficient representing the speed of adjustment to long-run equilibrium and \( \beta \)'s represent the cointegrating vector of parameters. The stated order of variable sin the equation is based on economic theory.

Thus, a full dynamic specification for studying investment spending could take the form of VECM:

\[
\Delta y_t = m + A \Delta y_{t-1} - \pi y_{t-1} + \epsilon_t
\]

where the notation is as defined before.

In the present five-variable model, the full dynamic estimation of investment rate (IR) equation under VECM could be specified in standard notation as:

\[
\Delta y_t = m + A\Delta y_{t-1} - 0.574(IR_{t-1} - 12.44 - 13.62 AQI_{t-1} + 0.01 PI_{t-1})
- 0.24 IF_{t-1} - 0.1 XF_{t-1}) + \epsilon_t
\]

The previous equation shows that the speed of the system to adjust to long run equilibrium is \( \alpha = -0.574 \). It reveals a fairly high speed of adjustment to long run equilibrium where about 60 per cent of the error term will be corrected per unit time.
It is important to analyze the dynamic behavior of the model through studying impulse response and variance decomposition in VECM. For the impulse response, Figure 1 shows a combined graph of the impact of standard deviation shocks to the determinants of investment on investment rate (IR) over five periods.

As the analysis focuses on the impact of stochastic shocks to the determinants of investment on the investment rate (IR), it can be seen from Figure 1 that there is an initial decrease in investment rate due to a shock in investment itself reaching the lowest rate in the second period. This is followed by a significant increase in IR before the effects of the shock dampen out. Also, the impulse responses show that a one standard deviation shock to the value of the firm had a positive impact on investment rate reaching its highest response at the third period. Stochastic shocks to both internal finance and external finance had slightly positive impact on the investment rate. However, a stochastic shock to prices of capital goods had a negative impact on the investment rate.

Regarding the tabular representation of variance decomposition to one standard deviation shock in each variable over five periods is shown in Table II.

Focusing on investment rate, the table shows variance decomposition for investment rate. The first column indicates five periods for the short run analysis. The second column shows the standard error for the corresponding period. The standard error increases from 9.2 in the first period to 9.9 in the second period till it reaches 12.8 in the fifth period. This increase in each period is attributed to the effects of uncertainty over the forecasts in previous periods of other variables in the model. The third column shows the percentage of investment rate variance that is attributed to shocks in investment rate only. The fourth column shows the percentage of investment rate variance that is attributed to shocks in

<table>
<thead>
<tr>
<th>Period</th>
<th>S.E.</th>
<th>IR</th>
<th>AQI</th>
<th>PI</th>
<th>IF</th>
<th>XF</th>
</tr>
</thead>
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<td>9.383058</td>
<td>3.228707</td>
<td>1.460281</td>
<td>2.410742</td>
</tr>
<tr>
<td>5</td>
<td>12.81583</td>
<td>78.54289</td>
<td>12.82318</td>
<td>4.691902</td>
<td>1.613906</td>
<td>2.328118</td>
</tr>
</tbody>
</table>
average Q only. The fifth column shows the percentage of investment rate variance that is attributed to shocks in prices of capital goods. The sixth column shows the percentage of investment rate variance that is attributed to shocks in internal finance.

The last column shows the percentage of investment rate variance that is attributed to shocks in external finance.

In case that the model used a five period forecast of investment rate, 78.5 per cent of the forecast variance is attributed to shocks in investment rate itself, 12.8 per cent is attributed to shocks in average Q or the value of the firm, 4.7 per cent is attributed to shocks in the prices of capital goods, 1.61 per cent is attributed to shocks in internal finance, 2.33 per cent is attributed to shocks in external finance. This shows that the largest variance in forecasting investment rate is attributed to shocks in investment rate itself as can be expected. Also, the greater the forecast horizon, the larger the proportion of forecast variance that will be attributed to variables other than investment rate.

4. Conclusion
Stochastic shocks to the determinants of private investment in Egypt have their impact on investment rate. The representation of impulse response in VECM shows that a one standard deviation shock to the value of the firm has a positive impact on investment rate. Stochastic shocks to both internal finance and external finance have slightly positive response from investment rate. Also, a stochastic shock to investment rate has a positive yet declining response from itself. However, a stochastic shock to prices of capital goods has a negative impact on investment rate.

The representation of variance decomposition in VECM shows that investment rate is positively affected yet at a declining rate by a one standard deviation shock in both internal and external finance during the period 1982-2015. Also, a stochastic shock in the value of the firm or in the prices of capital goods has a slightly positive impact on investment rate.

With regard to policy implications, the estimated results of the empirical model show that changes in the prices of capital goods in Egypt are significant factors that have negative impact on investment rate. This is related to the fact that prices of imported goods denominated in local currency are affected by foreign exchange market conditions in the form of significant changes in the pound exchange rate. With imports of capital goods being mainly financed through the banking system, investors bear exchange risk in repaying their foreign currency debt. Thus, foreign exchange market reforms as adopted recently in the Egyptian economy and improvements in the trade balance are important steps to improve the investment climate.

Regarding the source of finance, the estimated results show that changes in both internal and external finance have a positive impact on investment rate. This is related to the role of asymmetric information, in financial markets, on the cost of capital and hence investment decisions of the firm. In this case, it is the firm’s decision to choose the method of financing its investment depending on factors such as its market value, institutional size and capacity, and the opportunity cost of the funds used in financing the required investment.

Reference

Further reading


Central Agency for Public Mobilization and Statistics (CAPMAS) “Bulletin of financial indicators and statistics for private sector companies operating under investment law”.


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