Lesson: ‘Alive and Available:’ Developing policy alternatives until the politically impossible becomes the politically inevitable

Egyptian Center for Public Policy Studies

CAIRO, EQYPT
SEIZING A SEAT AT THE TABLE: The fight for a people’s budget in Egypt

How a team of free-marketers fought to bring transparency to Egypt’s closed-door budgeting process by exposing bad spending priorities and moving the people to demand change throughout the process, all in the midst of a massive political crisis.
When it comes to effecting change, the first step is knowing the facts

In the wake of the 2011 Egyptian Revolution, Egypt descended into political and economic chaos. Budget deficits became the norm, jobs were incredibly scarce, and the government maintained a stranglehold of power, withholding information and resources from the people.

With the country’s governance in disarray, a void of ideas and energy to solve the nation’s major problems sat unfilled. Instead of throwing up their arms and accepting the broken status quo, the Egyptian Center for Public Policy Studies, of ECPPS, decided to fill that void, seizing the moment as an opportunity to champion fundamental changes in how the Egyptian government takes and spends tax dollars. Its main goal? To tackle the longstanding problems in Egypt’s budget, which required reforming energy subsidies, increasing transparency, and enabling citizen inclusion in the budget-making process.

Though the Egyptian government had been facing pressure from the International Monetary Fund (IMF) to make major changes to its budgeting and spending as part of a multibillion-dollar loan, nobody was providing good, actionable ideas and no appetite for change existed among a public that had been kept in the dark for decades. All of this changed after ECPPS identified the Overton Window opportunity the Egyptian budget presented, and crafted and executed a holistic campaign to effect change that benefited the people and put the government on a path to recovery.

ECPPS’ full analysis of Egypt’s budgets uncovered a previously unknown and alarming fact: One-third of the country’s entire budget funded energy subsidies. Bringing this fact to light and raising awareness about this use of taxpayer money led the government to announce that, in 2019, it would end all energy subsidies. This will save a projected $2.4 billion.

Understanding what was in the budget allowed ECPPS to provide simple-to-understand analysis and important details to share with the Egyptian people, allowing them to more fully participate in the governance of their country.

KEY TAKEAWAYS

Nothing is impossible, even in the direst of circumstances. By recognizing opportunities and finding ways to ripen key issues, think tanks can apply pressure to make good ideas the inevitable policy solutions of the day. ECPPS’ example shows other thought leaders how to:

- Ripen a major policy issue
- Provide research to fill holes in public policy
- Identify policy reforms that could fundamentally change government and public life

READ ON TO LEARN MORE
An eye-opening shift on spending for Egypt and its people

Egypt faced myriad policy, political, and cultural dilemmas following the 2011 Egyptian Revolution. With so much to remedy, it felt overwhelming to get to work on any one solution. But ECPPS had the clarity of vision to identify a core policy deliverable in need of serious change: The country’s budgeting process totally lacked transparency, spending decisions were made without the people in mind, and overspending problems were driving Egypt into financial ruin. Without meaningful solutions, the nation could never hope to get back on its feet. ECPPS stepped into a major policy fight and met the conversation where it was happening.

When it came to repairing Egypt’s budgeting process, there was a lot of work to be done. Egypt’s score on the 2012 Open Budget Index (as reported by the International Budget Partnership) dropped from 49 to 13 out of 100, then improved only slightly to 16 in the next OBI in 2015. The average score is 43. After ECPPS’ campaign, that score rocketed back up to 41 points.

If knowledge is power, then when it came to how the Egyptian government was spending their tax dollars, the people of Egypt were utterly powerless. Depending on their personal incomes, Egyptian taxpayers send anywhere from 10-25 percent of their income to the government. Unfortunately, for too long the people funding government through their tax dollars have had no say in how their money was being spent.

That’s where ECPPS stepped in. Over the four years the think tank spent working to fix the country’s budget, Egypt’s OBI score jumped an astonishing 25 points.
About the Egyptian Center for Public Policy Studies

The mission of Egyptian Center for Public Policy Studies is to propose public policies aimed at reforming the legal and the economic system in Egypt, with the purpose of achieving the principles of free markets, limited government, individual freedom, and strong rule of law.

The Egyptian Center for Public Policy Studies is the successor of the Egyptian Union of Liberal Youth, or EULY, founded in 2007 by Mahmoud Farouk as the first and only initiative in Egypt to gather all liberal student and youth groups. In 2009 EULY won a Templeton Freedom Award for Excellence in Promoting Liberty in the “Special Achievement by a Young Institute” category. In 2011, EULY leadership decided to transform the group into a think tank, which would enable the liberty movement in Egypt to produce meaningful research and have a deeper impact on public discourse and legislative change.

ECPPS has become a major player in the field of economic and individual freedoms and in particular in the areas of privatization, property rights, intellectual property, and market regulations, as well as in the areas of freedom of assembly and association and religious freedom. ECPPS is member of the Egyptian Coalition of Rights Organizations that monitor and support the Egyptian democratic transition, issuing common statements and pushing for meaningful political reforms. The ECPPS team has grown to 10 members, all under age 35.

MAKING FUNDAMENTAL CHANGE: How ECPPS shifted culture in Egypt from the inside out

ECPPS’ monumental success reforming Egypt’s closed-door budgeting process started by identifying a need. Leadership asked, “What possibilities for change and reform exist, and how can they be introduced to both Egyptian society and policymakers in a sustainable manner?”

They settled on budget reforms as a means to provide stability, limit government’s spending and reach, and to ensure parliament would become better stewards of Egyptian taxpayers’ money, providing essential services the people want and need instead of propping up special interests.

For two years, ECPPS had its head down and was hard at work producing policy research. A major part of that work was ECPPS’ creation of the “Citizen Participation in the Budget Report,” which measures citizens’ needs and budget item prioritization. The report collected its data by interviewing and sampling individuals in 23 of Egypt’s 27 governorates (provinces) on what needed more or less spending in the allocated budget — a colossal undertaking. The report also measured the level of knowledge people had about the state budget and the availability of services in these governorates.
This work also began to gain traction in media, which helped the group promote its solution set and normalize the idea of bringing about budget transparency and reining in spending. After two years of hard work, Egypt’s Ministry of Finance took notice and invited ECPPS to bring its policy set to the table within government itself. ECPPS provided the Ministry of Finance with its Citizen Participation report, which was available in time for the creation of a new budget, allowing for more citizen input. The survey of 23 governorates informed how to appeal to the people in a way they could understand.

The timing worked out perfectly — ECPPS spent years cultivating a narrative and providing research and details on problems within the budget and proposing ways to solve these issues leading up to a $12 billion loan deal the Egyptian government was hoping to secure with the IMF. The catch? If Egypt didn’t enact major budgetary and spending reforms, the loan would not go through — a prospect the government could not afford.

ECPPS stepped into this void and offered up solutions that fulfilled the government’s desire to meet the IMF’s demands for reform, but that ultimately would put the country on stable footing and bring Egyptians into the fold when it comes to how the government is spending their money. Today, economic growth has become a reality. The IMF expects Egypt’s growth rate to hit 5.5 percent for all of 2018 compared to 4.2 percent in 2017.

Ahmed Ragab, executive director of ECPPS. “This task is even harder if you have a classical liberal agenda. With ‘Better Budget for a Better Egypt,’ ECPPS found the perfect balance between practical success, helping improve Egypt’s score in the Open Budget Survey by 25 points up from a meager score of 16 points in 2015 to 41 points in 2017, and finding a space for classical liberal ideas in the public debate in Egypt, with near-daily visibility in the media and closer ties with lawmakers and opinion leaders.”

Over ECPPS’ four-year budget campaign, Egypt’s score in the Open Budget Survey improved by 25 points, up from a meager score of 16 points in 2015 to 41 points in 2017.

Turned Egypt’s budget into a document the general public could consume by creating a citizen’s budget for four straight years in partnership with the Ministry of Finance.

Became invaluable resources for influencers and policymakers. ECPPS conducted training workshops for 35 members of parliament assistants, and held five individual meetings with five members of the planning and budget committee in the parliament.

Engaged with the media to create a public narrative and understanding of the importance of budget reform and transparency. In that regard ECPPS appeared in at least 250 media reports to highlight its work on budget reform.

Created a network of 40 civil society organizations and provided them with the needed skills to engage and monitor public spending on local level.

METRICS OF SUCCESS

“In a politically challenging environment such as the one we’re dealing with in Egypt, the most difficult challenge for a think tank is to find a way to drive positive change that is concrete, measurable and, above all, sustainable,” said

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Key Takeaway from ECPPS’ Budget Campaign

How ECPPS did it: Filling the void of ideas and working with – not against – bureaucrats

For inspiration on their campaign, ECPPS turned to none other than the great Milton Friedman for guidance. As Friedman said:

“Only a crisis — actual or perceived — produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable.”

That crisis came in the form of the 2011 Egyptian Revolution, which created a backdrop of chaos and disorder — as well as a void of ideas just waiting to be filled as to how the country could get itself back on track.

ECPPS organized its work under the Friedmanian mantra of developing credible alternatives to existing policies and keeping them “alive and available” until the politically impossible becomes the politically inevitable. Part of ECPPS’ inspiration to develop policy alternatives and creating a window for change came when ECPPS’ founder and former executive director, Mahmoud Farouk, came to Atlas Network for a Smith Fellowship in 2015, which is a tailor made Atlas Leadership Academy course that helps fellows to develop strategic, marketing, and fundraising plans as well as research skills. During this four-week program, fellows network with U.S.-based think tanks, attend policy lectures, and participate in Atlas Leadership Academy trainings, webinars and have expansive one-on-one sessions with Atlas Network staff.

It was during this time that Farouk was first introduced to the concept of the Overton Window, which refers to the range of ideas tolerated in public discourse, or that which is considered “politically possible.” He then went back to ECPPS with a plan to develop policy alternatives and a strategy to introduce those ideas to stakeholders across government and media in a sustainable manner. ECPPS’ subsequent work on the budget organized itself under this theme of developing alternatives, keeping them alive, and shifting the Overton Window on budget reform in Egypt.

While the Egyptian people were reeling from the effects of the revolution of 2011 and intervening
years, ECPPS kept its focus on what could provide reform, better governance, and stability to the people: an overhaul of the country’s budgeting practices.

People with decision rights were looking for answers, and ECPPS provided them. The organization’s leaders partnered with Egypt’s Ministry of Finance to turn principles into practice, filling the void with solutions that work.

For too long, the government had worked for a select few insiders and powerful figureheads — not the people. Thanks to ECPPS’ vision, that is changing.

Why it matters: Too often in a crisis, nobody takes advantage of the situation to provide clarity and a path forward that will work for the people. In reality, this is one of the most opportune moments to advance meaningful policy change. Think tanks are uniquely positioned to provide value in this situation. Stick to your vision, produce the research, and be willing to partner with any coalition members who are willing to work together in good faith.

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POINTS TO PONDER

1. Egypt faced myriad policy, political, and cultural dilemmas following the Egyptian revolution that created an overwhelming environment to work on any one policy solution. What are the ways in which think tanks in similar operating environments bring in clarity of vision to identify a core policy deliverable in need of serious change?

2. Governments tend to work with select few insiders and powerful figureheads — not the people. How can think tanks create an environment where citizens are made part of the participatory process of policy reform?

3. What are some of the challenges that think tanks face to drive positive change that is concrete, measurable, and above all, sustainable in your countries?

4. How might leadership at think tanks inspire staff members to persevere in a politically challenging environment similar to Egypt?

ECPPS Learn More:

- **Youn7**: [Minister of Finance to launch the financial statement for the draft of the new budget tomorrow](https://example.com)
- **Albawabh News**: [Egyptian Center for Public Policy Studies discusses the draft budget](https://example.com)
- **Elbalad**: [Egyptian Center for Public Policy Studies continues to raise awareness about transparency in the state budget](https://example.com)
- **Elwatan News**: [Egyptian Center for Public Policy Studies organizes exercises for deputies deputies on the “budget”](https://example.com)
- **Elbalad**: [Egyptian Center for Public Policy Studies builds the capacity of civil society organizations in the governorates of Egypt](https://example.com)

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