



BULLETIN

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Is Foreign Funding of NGOs in Egypt Feasible?

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Despite the hopes of Egyptian civil society and the international community, the so called Arab Spring has not brought more freedom for NGO operations in Egypt. On the contrary, it made it more easy for the government to control them. It is possible that attempts to limit their activities could be repeated in the future despite the removal of the Muslim Brotherhood from power. The European Union, including Poland, should support Egypt in a concrete, content-related and apolitical manner in creating a transparent NGO law and in helping it carry out an information campaign about the changes.

Despite being a potential harbinger of systemic transformation in Egypt after Hosni Mubarak's ouster, the NGO sector was not set free to operate during the administration of President Mohammed Morsi. The aftermath of the political changes of 2011 was in fact the opposite. Law 84 of 2002 governing associations and non-governmental organizations is full of ambiguous terminology and loopholes that allow the authorities to control NGOs and practice selective justice in areas such as foreign funding. Further, there were efforts to impose additional restrictions on top of the NGO legal framework. This action was taken because the country's political forces began to accuse each other that their NGOs were financed from abroad and thus represented external interference in Egypt's internal affairs. Such involvement is frequently seen by Islamists as part of a long-term strategy by the U.S. of a "war against Islam," but negative attitudes toward foreign funding are also shared by some secularist groups.

According to representatives of civil society, media, civil servants, and politicians, the most controversial aspect of NGO funding is support from the United States. It is worth noting that democracy support accounts for only 3% of U.S. foreign aid to Egypt (the remaining part goes to military and security assistance and for economic growth). An article published by *Al Jazeera* in July 2013 directly accuses Washington of quietly funding senior Egyptian opposition figures who called for toppling the country's now-deposed president, Mohammed Morsi. It also stated that U.S. democracy assistance is part of a wider Obama administration effort to try to stop the retreat of pro-Washington secularists. *Al Jazeera* is, however, not seen as an objective source as it overtly supports the Muslim Brotherhood and plays a role as Qatar's information mouthpiece. More accurate data collected by the Cairo-based Arab Forum for Alternatives shows that only 20% of civil society activists support funding from the U.S. (compared with 80% that hold a positive opinion of European and Japanese aid). The negative perception of U.S. aid, not only by Egyptian authorities but also society, confirms a survey conducted by the Pew Research Center's Global Attitudes Project, which showed that in 2013 about 81% of Egyptians expressed an unfavourable opinion about the U.S., which is almost the same number as under Mubarak's rule (82%).

In the first half of June 2013, three events related to the work of civil society groups stirred the most unease. The first was the recent sentencing by a court of 43 employees of foreign NGOs (including 16 Egyptians and 19 U.S. citizens) deemed illegal in Egypt (i.e., for conducting research and workshops for political parties and media). The second event was a final order to close the offices of five foreign NGOs (including U.S.-based Freedom House and the German Konrad Adenauer Foundation), which were raided on the orders of the Supreme Council of the Armed Forces in December 2011 (electronic devices were confiscated and their employees interrogated). The third moment came when a draft associations law was put before the country's legislature in May by Morsi. In theory, the draft law aims to change the restrictive Law 84. In practice, it would restrict even further the right to freedom of association and would give the state even more control of NGOs. The most upsetting provision was related to the creation of a Coordination Committee that would consist of four representatives from both the ministries and "concerned entities"—a reference to security and intelligence agencies. The Coordination Committee would determine all

matters related to foreign funding and foreign NGOs (i.e., registration), but even worse, it would have absolute discretion to block all access to foreign funding without any requirement to link the objection to a specific offence.

Foreign Funding in Perspective. Egypt is not the only country that is attempting to increase restrictions on NGO activities. According to the UN Human Rights Council, similar attempts have been seen in India, Ethiopia, Russia, the United Arab Emirates, and even in Israel. As in Egypt, these governments are concerned mostly about foreign funding, which in their eyes serves as interference in their internal affairs.

The negative opinion of foreign funding of NGOs in Egypt is also related to the fear of donor intervention in the work of these organisations, being labelled a “local agent” for the donor states’ vested interests, and the risk of being sentenced for receiving illegal funding (it’s easy to make an accusation due to the loopholes of the existing legal framework). Another problem is related to the fact that a local organisation may implement activities other than those stated in a project funding proposal, which may erode both the image and credibility of the donor on the ground. The difficulties with implementing projects in Egypt are seen in recent European and U.S. reports. An audit of the U.S. Agency for International Development released in October 2012 says that as of March 2012, 12 of the 24 NGOs—with activities worth \$28.5 million—were not on track to achieve their goals under the Transition Support Grants Programme. Although the programme began in April 2011, 11 NGOs had not received Ministry of Social Solidarity’s approval to receive foreign funding. A European Court of Auditors’ report released on 18 June stated that EU support for good governance in Egypt between 2007 and September 2012 was “based on good intentions but ineffective.”

Conclusions and Recommendations. The developments in Egypt show that foreign funding to NGOs there is becoming a delicate topic and could be used again in any internal political fight. The overall negative attitude toward foreign funding of NGOs can slow down the new government’s process of working out a new legal framework. Despite the recent undemocratic regime change in Egypt, the EU, including Poland, should continue supporting Egypt’s systemic transition. Poland should actively back the activities of EU High Representative Catherine Ashton in her attempts to call for the creation of a transparent NGO law that would be fully in line with international standards. In anticipation of the process of writing a new law, the EU should offer Egypt tangible and apolitical help (for example, launch formal discussions between the Egyptian government, the EU Special Representative for Human Rights, and the Council of Europe’s Human Rights Commissioner on issues such as NGO registration and freedom of assembly). Poland, as a country with broad experience in democratic transformation, could also share with Egypt practical knowledge about creating such laws. Moreover, the EU should not drop the idea of holding a session of the established human rights dialogue with Egypt (which was not possible in 2012).

Because European funding is more welcome than from the U.S., the EU should resist any Egyptian government attempts to politicise the issue of foreign funding and continue supporting NGOs, though it should adjust aid more adequately to local needs. It can do this in three ways. First, the EU should refrain from supporting any activity that could be seen as political or related to a political party. Second, it should distribute financial support through national NGOs, which would transfer money to their Egyptian counterparts (for example, via Solidarity Fund PL). Third, funds to NGOs should also be allocated to organisational development and not only to project implementation (funds for specific projects may be treated as interference in internal affairs).

In addition to these measures, during preparations for opening the first call for grants from the European Endowment for Democracy, Poland should make sure that the fund has a satisfactory methodology and procedures for issuing money and protecting the beneficiaries of its grants (and EED’s employees), especially in countries that are increasing restrictions on foreign funding to civil societies operating on their territories, such as Egypt.