PARALLEL STRUCTURES IN THE EGYPTIAN GOVERNMENT BUREAUCRACY: A PROBLEMATIC QUICK FIX

LAILA EL BARADEI

This paper investigates the proliferation of parallel structures – also known as project implementation units (PIUs) and technical offices (TOs) – within the Egyptian public administration system and the pressures since the 1990s that have led to their increasing numbers, including the current political turmoil. To determine whether these structures are a viable tool for the implementation of reform in Egypt, the paper examines international experience, analyses the literature, and assesses the results of a brief survey of staff working in the traditional bureaucracy and those in parallel structures. The paper concludes that while PIUs may sometimes be necessary for initiating reform in the short term, long term sustainable reform requires genuine commitment of both donor and recipient governments to improve governance, build capacity within the traditional national institutions, apply performance management with a focus on policy impacts, and adopt alternative mechanisms in implementing development projects such as general budget support.

INTRODUCTION

Since the 1990s, the Egyptian public administration system witnessed a proliferation of parallel structures of administration within the traditional bureaucracy. In several ministries, especially those dealing with development cooperation agencies and receiving technical and financial support for the purpose of initiating reform programmes, a noticeable parallel organization structure developed.

The new parallel structure, often referred to as the ‘technical office’ (TO) and affiliated with the responsible minister or minister of state, is the focus of much debate and contradictory views from both donors and recipients. Both parties voice their concerns about the sustainability of the new structure, its conflict with and sometimes duplication of the more traditional bureaucracy in which it is located, the distribution of authority and responsibility, and the potential impact on the prevalent organizational culture, morale and motivation of employees.

According to the literature, the idea of having an autonomous agency established within the old government bureaucracy in order to implement a new task has been resorted to very frequently and has had much appeal (Batley 1994, p. 500). ‘projectization’, ‘autonomous agencies’, ‘project implementation units (PIUs)’, ‘project coordination units’, ‘project management units’, ‘technical implementation units’, ‘enclave projects’, ‘special management units’ and ‘policy advisory units’ are some of the terms used in the literature to describe the phenomenon of establishing separate support projects (World Bank 2001; UNDP 2003, p. 1; ADB 2005, p. 1). However, the term project implementation units (PIUs) is the most common and is considered a generic reference for the phenomenon. Nevertheless, although the PIU phenomenon has been the focus of much debate ever...
since it was highlighted as problematic by the USAID as early as 1983, the debate remains unresolved (UNDP 2006).

Several factors may be cited as an explanation for this widespread phenomenon in the Egyptian bureaucracy. Foremost among those factors is the increase, especially since the 1990s, in the inflow of official development assistance from various multilateral and bilateral donor agencies (Handoussa et al. 2005, p. 9). This was a matter which necessitated the presence of a counterpart government administration capable of absorbing and managing the associated donor supported projects and programmes.

Second, with the advent of the latest cabinet of ministers under the leadership of Prime Minister Ahmed Nazif in 2004, and the appointment of a group of enthusiastic businessmen to ministerial positions in, for example, the Tourism, Trade, Industry, Health, Transportation and Agriculture sectors, there were further pressures for the implementation of an aggressive economic reform agenda aimed mainly at increasing economic growth rates and encouraging local and foreign investments. To implement the reform there was a need for a more agile, flexible, government body staffed with higher calibre employees capable of providing policy support to ministers and helping them get things moving at a quicker pace.

Finally, what adds further significance to the topic within the Egyptian context, is that in 2010, Egypt started its thirtieth year under the rule of President Hosni Mubarak, leading to wide and very vocal calls for reform, both from within the ruling National Democratic Party, and from the Opposition (see footnote above). Foremost on the reform agenda, are calls for a more efficient, effective and responsive government administration that caters to the needs of its different stakeholders groups, whether regular citizens, the business community or the development cooperation partners. After 30 years of having the same government and the same President in power, and despite the officially announced acceptable economic growth rates, real GDP growth rate moved from 4.1 per cent in 2004 to 7.2 per cent in 2008 and then, as a result of the global financial crisis, plunged to 4.7 per cent in 2009 (Egypt Ministry of Finance web site 2010), Nevertheless, the promised ‘trickle-down’ effect has not occurred, and people do not feel the impact of the reform efforts. Moreover, the Egyptian bureaucracy is still overburdened with problems, including but not limited to: (1) an overstuffed 5.7 million employee bureaucracy that actually needs only one-third of this number to run efficiently (El Nahas 2008); (2) poorly paid, unmotivated government employees (Abdelhamid and El Baradei 2009); (3) poor calibre staff and general low performance in various sectors, ranging from public health service provision to educational services, to investment related services. People are aware of the problems and are calling for change, but will the government of Egypt change its ways or will it continue to resort to quick fixes and patching to implement its reform agenda?

Accordingly, since the issue is the subject of so much debate, the following research paper aims at investigating the status of the so-called parallel structures within the Egyptian bureaucracy. The main research question posed is as follows: to what extent is the parallel structure utilized in several sectors of the Egyptian bureaucracy a viable tool for the implementation of needed reform efforts?

In order to realize the research objective, the study first analysed the debate concerning PIUs, reviewed donors’ commitments to cut down on their usage, and examined a number of the experiences of countries internationally that succeeded in managing donors’ assistance through alternative structures. Experience structured interviews based on snowball sampling were then conducted with different stakeholders for the parallel
systems, including, but not limited to: selected current employees and ex-employees in technical offices in six different Egyptian ministries, as well as a group of regular government employees working in the traditional bureaucracy in which the technical offices are located. The aim of the survey was to solicit opinions and analyse perceptions regarding the viability of technical offices.

The paper is organized into five sections. The first covers the introduction and methodology. The second section starts with an overview of the concept and typology of PIUs; it then addresses the current debate regarding the issue among international development organizations and in the literature. This is followed by a discussion of the different proposed alternatives to PIUs and the presentation of the three successful experiences of Brazil, China and Tanzania. The fourth section concentrates on the Egyptian context, the different forms of PIUs, and the concentration of the study on technical offices, their proliferation, and the different views derived from the empirical study regarding their sustainability, effectiveness and efficiency. The final section offers a number of recommendations for more effective reform and capacity building within the Egyptian public administration.

CONCEPTUAL FRAMEWORK AND CURRENT DEBATE REGARDING PIUs

PIUs have several distinguishable characteristics: they are mostly supported by donor agencies, exercise a certain level of autonomy from the parent or traditional organization in which they are located, are staffed by more qualified personnel who earn higher salaries than regular government employees, and are usually responsible for one or more projects, either in duplicate or in parallel to the work performed by the regular staff.

PIUs vary in size, function, physical location and degree of integration into the existing government structures. In general, the more the PIU is integrated into the existing government structure, the more likely its positive contribution to capacity development of that structure. Based on their degree of integration into the existing government structures, five different types of PIUs can be identified (World Bank 2005, pp. 6–7).

1. **Stand-alone or enclave PIUs**, since they are located separately outside the government organizational structure, are perceived to be the most harmful in terms of institutional development and capacity building. They also duplicate work performed by the traditional departments and hand in work in a turn-key fashion when completed.
2. **Semi-integrated PIUs** are those which rely partly on the traditional administration and partly on external specialists.
3. **Super PIUs** may be similar to the stand-alone or semi-integrated types in terms of degree of integration, but are different in terms of the volume of work assigned to them. Super PIUs can handle multiple projects in a sector financed by different donors, or multiple sectors financed by a single donor. Although not all functions may be integrated into the government structure, yet super PIUs manage to reduce the number of PIUs that would otherwise be required.
4. **Semi-autonomous agencies** are structures that either already exist outside the regular government structures or are newly created for the purpose of serving as project implementation units for programmes.
5. **Fully-integrated PIUs**: here, the ministry or public agency responsible for the project assumes full responsibility for project implementation relying on its own structure
and staff. Fully-integrated PIUs are those that ideally promote maximum institutional capacity building in recipient governments.

**International donors’ perspectives on parallel structures for aid implementation**

In their attempts to reform the ways they manage development aid, the issue of parallel structures of organization has been the focus of attention of international donors’ meetings. With the adoption of the Millennium Development Goals (MDGs), the resolution was to work on not only increasing the volume of aid, but also on increasing its effectiveness.

According to the Paris Declaration on Aid Effectiveness, the donor community agreed to 12 specific indicators to measure progress achieved, and specific targets were set for the year 2010. The aim of the set targets was to monitor and encourage performance by both donor and partner countries. The declaration was endorsed by a large group of both developed and developing countries, including Egypt. It is noteworthy that as target number 6 for aid alignment, the need was expressed to: ‘strengthen capacity by avoiding parallel implementation structures – number of parallel project implementation units (PIUs) per country’ and the target was set for the year 2010 to ‘reduce by two thirds the stock of parallel project implementation units (PIUs)’ (OECD 2005). The aim of the targeted reduction in the number of parallel PIUs is to promote greater capacity development in recipient countries and thus increase aid effectiveness.

Meanwhile, according to the World Bank (WB hereafter), the issue of parallel structures is discussed within the context of how to reduce the number of established PIUs. These separate entities were created by the WB more than 40 years ago to implement development projects and they often bypass the existing bureaucracies in the country of implementation. For some considerable time, WB management has been advocating that the PIUs should be mainstreamed in the existing ministry structures because they are inconsistent with the WB’s policy of capacity building in developing countries. As long ago as the early 1980s the WB issued a note on project management recommending that stand-alone PIUs should be mainstreamed into existing ministry structures (World Bank 2005, p. 1). However, these calls and attempts have gone largely unheeded, and PIUs continue to proliferate. A Guidance Note for Project Management, prepared for WB staff, clearly states that: ‘existing country institutions should be the default mode, and PIUs – especially parallel “stand-alone” PIUs – should be phased out’ (World Bank 2005). The UNDP still widely uses PIU type arrangements. It recognizes the need for more effective aid management and the shift in international development ideology favouring the provision of support directly through national budgets and through existing government bureaucracies, rather than through parallel project units. As such, UNDP is working on finding ways to meet this challenge through focusing on increasing capacity-building efforts for developing countries. The key is finding a formula for effective implementation of development programmes through existing government structures. Equally important is achieving the appropriate balance between the twin objectives of shorter term efficiency and longer term capacity development (UNDP 2003, p. 5, 2006).

**ARGUMENTS AGAINST CONTINUED RELIANCE ON PIUs**

Several arguments have been made in the literature against the continued reliance on PIUs and parallel structures for development aid implementation. There is concern that PIUs may be the very reason that development is not taking place in many countries and that they undermine rather than build capacity or institutional development (World
Through bypassing the official structures, they render reform more difficult and further weaken the traditional bureaucracy, and this evolves into a ‘vicious cycle’ (UNDP 2004; Advisory Board of Irish Aid 2008). In countries where capacity is limited, the proliferation of PIUs by different donor agencies may lead to increasing pressure on the time of a small group of senior officials who find it hard to accommodate the monitoring and accounting needs of different donor agencies and consequently do not find time to concentrate on required strategic issues (Cassels and Janovsky 1998, p. 1777).

Another argument against PIUs is that their autonomy sometimes bypasses and even weakens conventional structures. By circumventing traditional structures they diminish their legitimacy and effectiveness (Batley 1994, p. 500). Since the autonomous structures are likely to face resistance from the conventional structures in which they are incorporated and since the central administration is naturally reluctant to relinquish power, ‘administration dualism’ oftentimes leads to problems between the relatively newer structure and the older bureaucracy (Hirschman 1967, pp. 155–9). Moreover, in cases where the autonomous agencies are established through some backing by international donors, and chosen as an instrument for channelling technical or financial assistance, they are sometimes attacked in the name of nationalism and suspected of being subservient to donors’ interests or reflecting the priorities of donors (Cassels and Janovsky 1998, p. 1777).

A study by the World Bank (2001) suggests that PIU staff create an aloof class that is separate from their colleagues in the conventional bureaucracy. There are questions regarding the issue of sustainability. PIUs are rarely integrated into the traditional bureaucracy and therefore once the donor leaves the scene, there is often difficulty with continuity in general (World Bank 1999, p. 5; UNDP 2003, p. 3). Finally, PIUs have a negative impact on recipient countries ‘ownership’ of development efforts: a matter of considerable importance in any development cooperation context (Advisory Board for Irish Aid 2008).

ARGUMENTS FOR CONTINUED RELIANCE ON PIUs

Despite cited criticisms and noted shortcomings of PIUs and parallel structures, their existence continues; indeed, many arguments are made in their favour. According to the WB and UNDP (World Bank 2001; UNDP 2003, pp. 2–4; UNDP 2006; World Bank 2006), PIUs serve many purposes. First, they improve development project management through the speed of project processing and implementation especially when crucial institutional capacity is lacking.

Second, PIUs are especially useful when regular civil service staff are busy with existing responsibilities and unable to take on additional tasks related to new project implementation; they allow greater flexibility in hiring, paying, managing and motivating personnel; they help overcome language barriers between donors and host country personnel; they help mitigate risk; they enable getting the job done and projects to be implemented; and they may ensure that donors’ projects are implemented with minimal corruption, especially in countries where civil service salaries are inadequate.

Third, many obstacles face the desired full integration of PIUs into existing government ministries in developing countries including: the lack of expertise in management and organization; and the continued availability of incentives within the WB and other donor agencies promoting the utilization of PIUs as a way to get things done on time and at the expected levels of quality.
Fourth, ‘projectization’ might allow the injection of learning into public administration (Batley 1994, p. 500); it is a device used to overcome the common problems of public bureaucracies, such as: inefficiency and inadequate salaries (Hirschman 1967, p. 154); and especially within the Egyptian bureaucracy, which is relatively conservative and resistant to change, working outside the government system is sometimes the only way to get things done (Sullivan 1990, p. 130).

Finally, positive evaluations for PIUs exist in both emergency and post-conflict situations and in countries with weak institutional skills (World Bank 2001). PIUs may be the only way possible to manage the sudden and generous outpouring of resources in disaster and war zones that usually follows intensive media coverage for the problem area, and is concentrated over a relatively short period of time and then wanes when the media loses interest; a phenomenon that has been referred to as the ‘CNN Effect’, and has been witnessed repeatedly since the beginning of the 1990s (Livingston 1997; Jakobsen 2000).

ALTERNATIVES TO PIUs: INTERNATIONAL EXPERIENCE

Alternative mechanisms to the parallel structures utilized in the management of development assistance centre around five main options: resource pooling, sector-wide assistance programmes (SWAPs), programme-based approaches, direct budget support, and gap filling. The main objective is to channel donor resources to developing countries in a way that utilizes existing financing structures and methods rather than relying on separate, dispersed, and sometimes even competing allocations through parallel structures.

Resource pooling
This takes place when donors decide to pool resources allocated to the same purpose through one management structure. For example, in Bangladesh, donors supported a $1.7 billion basic education programme by pooling resources through a single multilateral donor (UNDP 2006).

Sector-wide assistance programmes (SWAPs)
These entail the coordination of all donor inputs directed to a specific sector with national finances, so that a common approach is followed in funding specific agreed upon policies, reforms and activities in that sector. The idea is to avoid confusion resulting from possible fragmentation of donor efforts and to help strengthen national capacity. Governments take the lead and donors agree to national policy priorities and procedures. SWAPs are commonly used by the donor community especially in social sectors. Despite their success, however, sector-wide approaches present several problems for both donors and governments. From the point of view of donors, projects are safer and easier to monitor; from the point of view of national governments, SWAPs decrease the ability to shift priorities in response to political pressures (Cassels and Janovsky 1998, pp. 1778–9).

Programme-based approaches (PBAs)
These represent the modality for integrating support by one or several donor agencies and targeting programmes rather than stand-alone projects in partner countries. Programme-based approaches may be used to refer either to SWAPs or direct budget support. The approach has become predominant in the formulation of development strategies worldwide and is now fully accepted as part of the conceptual framework of develop-
ment cooperation. Since the early 1990s the Danish International Development Agency (Danida), for example, has shifted most of its support in Egypt from being project based to being programme based (Danida 1998).

**General or direct budget support G(D)BS**

This support model involves the direct disbursement of un-earmarked donor funds to the host government, which then uses its own allocation, procurement and accounting mechanisms to implement its development programmes. Instead of financing separate projects, development assistance is channelled directly to the recipient government’s treasury to finance government expenditures. The main element of criticism directed to national budget support is that governments may not use the resources efficiently to achieve development, and that donor agencies or governments need to be allowed the required amount of discretion in monitoring the use of their resources (Cassels and Janovsky 1998, p. 1777); hence the suggested link in the literature between the utilization of national budget support in parallel to donors’ led efforts to improve governance within the recipient nation (see Advisory Board for Irish Aid 2008).

**Gap filling**

This entails the integration of external expertise into line functions to meet a specific technical shortage, but taking into consideration the necessity of a parallel transfer of skills over time.

**The experiences of Brazil, China and Tanzania**

Although many of the aforementioned alternative mechanisms at financing development assistance are widely recognized, and theoretically backed, implementation by donors varies greatly, and evaluative studies are still inconclusive. The following describes three different country experiences with alternative mechanisms to PIU development for project implementation and with varying degrees of success. To overcome the many problems associated with PIUs, Brazil selected the option of using the UNDP as an external service provider; China developed the so-called project management offices (PMOs), having a more permanent nature staffed by Chinese civil servants and receiving regular government salaries. Tanzania managed to implement a sector-wide development programme for its health sector without relying on PIUs.

**Brazil: cost sharing with UNDP**

In order to overcome the shortage in Brazil’s public administration in terms of human resources needed to carry out reforms and implement donor supported projects, a new model of implementation was devised in cooperation with the UNDP office in Brazil, namely the cost-sharing model (Galvani and Morse 2004; see also figure 1).

The cost-sharing model is an arrangement whereby the host government provides financial resources – often obtained through a loan agreement from an international financing institution like the World Bank – to the UNDP office so as to administer the implementation of development projects on the government’s behalf. The agreement is regarded as a win-win situation for all concerned parties. The government overcomes the shortage in human resources and management capacity, and is able to attract more funds from financial institutions as well as implement development projects in a speedier manner. Meanwhile, the UNDP office acts as a recipient and realizes a profit out of the fees it collects in return for the management of the projects assigned. The international
financing institutions also benefit from better management of their resources and realize improved loan performance.

The cost-sharing model is regarded as a new model that has changed or even reversed the traditional donor-recipient relationship. In Brazil, the government is regarded as the client, and the UNDP, previously the ‘donor’, as the paid service provider or subcontractor who has to work hard to appease the client or else the government may seek the services of another competing organization. The cost-sharing model is widely acclaimed within the UNDP, one main reason being its profit generating ability for the UNDP organization.

Despite the seeming benefits, there are also several costs attached. Critics point out the fact that the cost sharing arrangements allow governments to bypass some of the legislation regarding recruitment and procurement of goods and services. Thus they are actually delaying the Brazilian government’s implementation of needed reforms and still creating either a ‘two-track’ civil service or a parallel bureaucracy of experts who have an ‘uneasy’ relationship with the traditional bureaucrats.

China: using existing organizational structure for project implementation

China’s case represents a step forward from the separate isolated PIUs developed in parallel to the existing government structure. WB-financed projects in China are managed through project management offices (PMOs) which are established as part of the government structure, but at the same time are given a quasi-independent status by being affiliated to one of the line ministries. Management of the PMO is assigned to the director of the agency or ministry in which it is located.

The main advantage of Chinese PMOs over regular PIUs is that when projects are completed, the PMO continues with the responsibility of managing other externally financed projects. Furthermore, PMO staff is comprised of Chinese personnel seconded from the parent agency and receiving the same salary as they would for performing other government functions. PMO staff salaries are paid by the Chinese government. The external funding for the project does not cover operating expenses, but finances only
equipment needs. Overall assessment of World Bank PMO implementation in China is satisfactory (World Bank 2005, pp. 23–4).

**Tanzania: moving from multiple PIUs to a sector-wide approach**

Tanzania’s health sector case represents another success story. Here, a major shift in the approach to the development assistance provided to the health sector was introduced at the start of the new millennium. In the previous situation, abundant donor resources were being directed to the health sector in Tanzania, and were managed separately in an ad hoc manner, resulting sometimes in the duplication of efforts without any real reflection on required outcomes and improved health. In 2000, the WB introduced a sector-wide approach (SWAP), pooling funds with several other donors, and it was agreed that no stand-alone PIUs would be utilized.

The programme is managed through existing government structures and supervised by the permanent secretary of the Ministry of Health (MOH). All other managerial functions, including accounting, procurement, and financial management, are performed by the MOH department of administration and personnel. Staff working on the project comprises regular civil servants who receive no salary increments. The management and approval of pooled funds is coordinated by a committee that includes donor representatives and is headed by the MOH secretary. The committee is responsible for approving work plans, reviewing progress, and releasing pooled funds on a quarterly basis.

From 2000–2005, participating donors, through using the new model, have managed to reduce the number of administrative steps and strengthen the overall capacity of government personnel (World Bank 2005, pp. 27–8).

**THE EGYPTIAN CONTEXT**

In studying the phenomenon of PIUs in Egyptian ministries, research focuses on the ‘Super-PIUs’ or ‘technical offices’, usually affiliated to ministers’ offices and with mandates covering the management and coordination of several donor-supported programmes and projects. The main rationale for the selected focus on TOs is that they can be described as ‘Super PIUs’ and are therefore representative of the phenomenon of parallel structures in its most exaggerated or intensive form; not only are they responsible for managing and coordinating several development projects and programmes, but they are also situated at the top level of the Egyptian public administration system. This means that they are responsible for providing policy advice and decision-making support to ministers and therefore indirectly represent a critical and extremely influential power group in the arena of public policy-making and general reform.

There are 32 Egyptian ministries and the majority have technical offices. Preliminary investigation revealed the sensitivity of the topic and the reluctance of many TO members to provide detailed information regarding their work or copies of any written material regarding their mandates, funding or performance evaluation reports.

The research relied on conducting a number of in-depth interviews with both staff members affiliated to the TOs – whether directors, senior or junior staff – and other staff members working in the corresponding traditional ministries in which those TOs were placed. The identity of the respondents remains confidential, but an analysis of the main views expressed is presented in the section that follows.
The perception of TOs by members of the traditional bureaucracy

Interviews were conducted with 33 employees in the traditional Egyptian bureaucracy working in four different ministries. Some respondents (about one-quarter) from the regular bureaucracy expressed themselves totally unaware of the existence of the TOs and the nature of their work; the remainder were aware of the TOs being consultative bodies to the minister, financed partly through donor funds and partly through the state budget; that the staff therein are appointed mainly through acquaintances; and that they have special contracts and enjoy many privileges compared to regular employees.

The perceived reasons for the establishment of the TOs included: the need for absorbing the large workload continuously being placed on officials; the need for accomplishing assignments accurately and quickly; the desire by officials to make use of their acquaintances and those whom they trust; the need for special technical expertise in some aspects of work; the willingness of donor agencies to finance such units; and, more importantly, providing assistance to the minister in charge of carrying out his various responsibilities.

As for the perceived advantages of TOs, respondents expressed the view that the TOs provide specialized and academic expertise required for providing needed support for decision makers; that the interaction between members of TOs and members of the traditional bureaucracy may contribute to their acquiring new skills and enhancing their level of efficiency; that TOs are a means of overcoming the problems of routine and red tape existing in the traditional bureaucracy.

Respondents’ perceptions of the disadvantages of TOs included the resulting negative impact on the morale of regular employees due to the great discrepancies in compensation and benefits packages between themselves and TO staff members. In addition, there was sometimes noticeable domination by TO staff members over the regular employees and sometimes haughty treatment in dealing with regular employees as a result of the vast powers and authorities they possess. It was also pointed out that TOs, in many situations, duplicate the work of other departments and that the level of cooperation between TOs and traditional departments can be described as ‘average’ or ‘below average’.

Regarding the perceived alternatives to the development of TOs, respondents expressed the opinion that alternatives can be made available through identifying the high performers within the various sectors of the traditional ministries. This can enable the distribution of needed work among those high performers according to their specialization as well as giving them the training needed to build their capacities. In addition, the principle of reward and punishment can be applied in order to enhance the motivation of regular employees and make them more willing to accomplish work with the needed level of speed and accuracy.

The perception of TOs by own staff

Interviews were conducted with 14 employees in TOs working in six different ministries. As expected, in general the opinions expressed by the members of the technical offices were more positive compared to those of the non-members. TO staff cited that the objectives of their offices were: (1) to provide technical assistance; (2) decision making support and policy advice to the relevant ministers; and (3) that the units were responsible for the preparation of studies, research and consultancy, preparation for ministerial meetings, development of concept papers for projects that could be financed by donor agencies, management and follow up on the implementation of the reform agenda and programmes within the ministries, acting as catalysts for reform, and providing a link between the ministry and external local and international organizations.
Respondents pointed out that the main reasons for the establishment of TOs were to overcome the inefficiencies of the traditional overstaffed bureaucracy and its inability to perform tasks in a timely and accurate manner, and to overcome the deficiencies in the required skills and expertise that are not available within the traditional bureaucracy.

Respondents clearly stated that staff in the TOs are highly qualified: some have an academic background and are university professors seconded from their original jobs to work on a temporary basis within the TOs; senior staff may have a doctoral or masters degree; and nearly all the staff have high language and computer skills and are capable of accomplishing the assigned work accurately and efficiently and assisting the decision maker – the minister – through providing them with the needed information and technical experience.

More than half the respondents declared that recruitment and appointment is based on acquaintances and personal references. However, about one-third of respondents claimed that recruitment and selection is based on advertisements placed in local or international newspapers, while some focused on qualifications as the main criterion for recruitment and selection. One respondent pointed out that although the majority of staff are selected for their qualifications and proven expertise, and sometimes recruited from the private sector, there are exceptions when political pressures on a minister forces them to select less competent staff, and in that case they are available in the office but are not allocated much work. In general, the staff are appointed on an annual renewable contractual basis, and are hired mostly from outside the traditional ministry, with some exceptions in the case of retirees who may be re-appointed as senior consultants.

The TOs are financed by external funding agencies such as the USAID, the EU, the WB and UNDP, sometimes with the assistance of the Operational Unit for Development Assistance (OUDA), and usually for the duration of three years. Some respondents declared that when external funding terminates, the units will be financed through the ministerial budget; others stated that as most of the TOs are temporary units they will terminate either with the termination of funding, or with the ministerial change. Still others stated that when the funding expires, the technical office will seek funding from another external agency. A good number of respondents were unsure about what would happen when funding runs out. There was however a consensus regarding the impossibility of doing without the TOs and depending solely on the competencies available within the traditional bureaucracy.

The majority of respondents perceived the TOs as partly contributing to the capacity building of regular employees in the traditional ministries. Capacity building depends on the particular projects any one TO was responsible for managing, their designated plans, and whether there were sufficient funds allocated to that purpose from the donor agency. Only a few TO members regarded the training function to be outside the scope of their work and considered that the regular employees would never accept training from more junior staff in the TO. Meanwhile, a few other respondents were not sure whether the technical office had a role in training or not.

When discussing the relationship between staff in technical offices and those in the traditional bureaucracy quite a number of respondents voiced their concerns about the degree of amicability and camaraderie. Opinions were also split regarding whether there was a perceived duplication between the work of the TOs and the regular departments. Those who did not perceive any duplication in the work performed explained that the work of the TOs is different, involving the final filtration of reports raised from the
According to respondents, the main perceived disadvantages of the TOs were the lack of clarity regarding their role versus the role of the traditional bureaucracy; the lack of security regarding the current positions of the TO staff members since each minister usually appoints his/her own staff; the occasional duplication of work; the relatively high turnover rate of staff; the relatively short duration of the project, which inhibits long range planning; the heavy workload and stress faced by the TO staff members; the large variation between the salaries they receive and the salaries of the regular employees; the lengthening of the administrative procedures within the ministries since everything has to pass through the TOs; and the deterrence of the achievement of set objectives and reform plans which sometimes occurs as a result of ministerial change and/or political pressures.

The main perceived advantages were the presentation of sound, accurate and timely advice when needed, flexibility of the work environment, high level of commitment, and the preparedness to work for long hours under pressure in order to meet deadlines, together with the objectivity of the advice presented.

The majority of respondents said that there are no practical alternatives to the TOs due to the significant role they play and the fundamental reliance of ministers on the services they provide. A few expressed the view that the option would be to radically downsize the government sector and raise employees’ salaries so that they would be willing to perform better. It was also suggested that by reducing the waste in government and the high rate of inefficiency in the use of resources, and by reducing the number of unskilled staff, a lot of savings could be realized.

Reflections on empirical study findings
Comparing the perceptions of both groups of respondents, a number of conclusions can be drawn regarding the way the traditional bureaucracy and TOs operate. In general there seems to be a lack of transparency – as evidenced by the fact that nearly a quarter of the regular employees interviewed in some of the selected ministries were unaware of the nature of the TO, its role and responsibilities, and the fact that its staff are not regular government employees, but are mostly external consultants paid through international donor funds.

As expected, there was a more positive evaluation for the TOs by the members themselves compared to non-members – as evidenced by the issue of compensation discrepancy (which is more felt by the non-members and is the cause of ill-feelings and frustration); the level of cooperation (rated on average higher by members than by non-members); and the fact that non-members more than members perceive the TOs to be duplicating their work. Additionally, non-members mostly believe that if they receive the required training they can participate more and can actually do the work performed by the TO. However, the majority of TO members think otherwise and perceive regular government employees to be incapable of doing their work, mainly because they lack the needed analytical, language, and computer skills, and also because they are so set in their ways that it would be difficult to change them.

Both groups noted that acquaintances are an important source for recruitment and selection of employees in the TOs, and that TO members are either changed completely with each ministerial change, or if the minister moves to another ministry he takes
his technical office members with him. Now this idea is neither a novel nor an odd phenomenon. In the US, according to the patronage system which is still applied in parallel to the civil service merit based system, some jobs in the administration are reserved for political appointees, and their incumbents are changed with the ministerial change, or when a head of department changes, but it is a transparent, well documented institutionalized system (Klingner 2003, pp. 5–20). A certain degree of responsiveness to political pressure is expected, but it is better if it is performed in a transparent manner and if it is confined to specific pre-determined jobs so as not to cause unnecessary frustrations due to perceived impediments on equal employment and equity rights.

RECOMMENDATIONS FOR EFFECTIVE CAPACITY BUILDING AND REFORM

Several conclusions can be derived from the assessment above. First, PIUs, including TOs, may be successful in initiating reforms and acting as catalysts in the short term. They may be used to introduce change, but they should not be relied upon on a long term or permanent basis. Theoretically, it is acceptable when introducing change to rely on a partnership between external and internal change agents, but to keep in mind that the role of the external change agent should be to initiate the change effort, not to be the sole implementer. Such a partnership between an internal and external change agent can be very successful but on condition that: ‘the outsider’s objectivity and professional knowledge are blended with the insider’s knowledge of the organization and its human resources’ (Ivancevich 2002, p. 631). This means that technical offices should work consistently in partnership with traditional bureaucracy in order to assure effective sustainable results for their efforts.

As indicated by the international and Egyptian experiences discussed above, governments and donor agencies may perceive a real need for the PIUs and TOs, firstly in emergency and post-conflict situations to manage the outpouring of development assistance and, secondly, in situations where there is a lack of institutional capacity and a real urgency for achieving reform and achieving results. The PIUs represent a convenient quick fix for initiating reform, but there are serious precautions that must be heeded to alleviate many of the perceived negative impacts.

Short-term recommendations

In cases when it is necessary to rely on PIUs on a short-term basis, that is, for new PIUs, the following short-term measures should be introduced and the following precautions should be heeded. Prior to considering the option of establishing a PIU, national governments should work on maximizing the mobilization of national capacity. A technique to that end is the implementation of Transfer of Knowledge Through Expatriate Nationals (TOKTEN) by encouraging skilled national professionals residing abroad to engage in the development of their country of origin, either by visiting physically, or virtually through the Internet, thus encouraging the transformation of brain drain into brain gain (UNDP 2003, pp. 6–7). Since the 1990s, several Internet networks have been established with the purpose of linking expatriate nationals with their home countries. These include the Worldwide Indian Network, the Global Korean Network, and the Reverse Brain Drain Network (Thailand) all with the purpose of establishing a link to enable countries of origin to benefit from the expertise of their experts abroad (World Bank 2001; UNDP 2003, pp. 7–8). Before deciding on the utilization of a PIU, an exit strategy and a plan for the eventual integration of the PIU into the government structure should be developed.

As for PIUs already in place, we should work towards eliminating the negative attributes usually associated with their operation. These include lack of transparency,
and weak levels of cooperation with the traditional bureaucracy. A first step would be to work on enhancing the degree of transparency associated with their work, increasing the level and opportunities for cooperation between them and the regular employees, and implementing more transparent recruitment and selection mechanisms.

**Long-term recommendations**

As for long-term recommendations to alleviate some of the more serious negative impacts of PIUs, the burden should be shouldered by both the donor and recipient nation. First and foremost there needs to be genuine commitment on behalf of both governments and donor agencies towards long-term sustainable reform. Both donors and recipient nations should theoretically be participants for the primary purpose of pushing forward the development status of the recipient nation in a sustainable manner while seeking the creation of public value. If any of the two parties participate for quick wins, and for the purpose of achieving results in the short term only, then we are always going to have the PIUs. If on the other hand, we mean real business, both as national governments and as donors, then long-term development should mean: (1) capacity building within the traditional national institutions; (2) more performance management and focus on long term results and policy impacts; (3) more daring and radical reform measures, and not just patchy superficial face lifts that enable autocratic governments to stay in power, and (4) donor agencies to report quick gains to their tax payers.

Some basic elements of the suggested long-term reforms in Egypt that are relevant to the issue of PIUs include an improvement in overall governance indicators on the national level through the encouragement of both local and donors’ efforts. More specific measures include a radical restructuring of government employees’ compensation coupled with rightsizing of the government administration. Adequate pay is a prerequisite for ensuring an adequate level of motivation, performance and integrity (United Nations 2005, p. ix). If employees are given real pay for real work, this will cut back the need for the establishment of parallel systems. Moreover, there is a need for rightsizing the Egyptian public administration system the overstaffing of which is radically inhibiting its performance capacity. The problem is relatively complicated due to governmental, political and social obligations, but if the government is sufficiently committed to reform it should seriously work on freezing government appointments unless there is a real need. This can be done by outsourcing and contracting out non core functions and above all by adopting a strategic focus in human resource planning (El Baradei 2004, pp. 25–39).

Finally, intensive efforts should be exerted to encourage external donors to move towards adopting alternative mechanisms for development project implementation and for reform initiation other than the isolated PIUs. These include SWAPs and general budget support programmes. Already several donors in Egypt are shifting their support from individual projects to programme-wide support and budget support. They will likely be encouraged to intensify such a type of cooperation when more good governance indicators are exhibited by Egypt as a recipient nation, and they can be assured that the resources transferred directly to the national budget will be used for development purposes, by efficient public institutions, in a transparent manner, with sufficient accountability mechanisms and anti-corruption measures in place.

In terms of reform, in many cases, non-democratic regimes and governments, especially during periods of perceived political unrest, cannot afford either the lengthy duration needed or the likely increased level of dissatisfaction of stakeholders who will be negatively impacted. They therefore continue to resort to short-term solutions and quick
fixes. For the Egyptian government, with the Presidential elections coming up in 2011, time is running swiftly and it seems that the phenomenon of parallel systems within the traditional Egyptian bureaucracy, with all its drawbacks, is likely to continue into the foreseeable future.

ACKNOWLEDGEMENT

An earlier version of this paper was produced as a working paper by the Egypt Center for Economic Studies (ECES). The author wishes to acknowledge the constructive remarks received throughout the preparation of this research from Professor Hanaa Kheir El Din and Professor Naglaa El Ahwany (ECES).

REFERENCES


*Date received 13 December 2009. Date accepted 14 January 2011.*

© 2011 Blackwell Publishing Ltd.