**DO PARALLEL STRUCTURES RESOLVE THE PROBLEMS
OF THE EGYPTIAN GOVERNMENT BUREAUCRACY?**

Laila El Baradei

Abstract

This paper investigates the proliferation of parallel structures—also known as project implementation units (PIUs) and technical offices—within the Egyptian public administration system. To determine whether these structures are a viable tool for the implementation of reform, 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 be necessary for initiating reform in the short run, it is important to continue building the capacity of the traditional administration. It also stresses the importance of improving human resource management, rightsizing the Egyptian public administration and adopting alternative mechanisms for the implementation of development projects, such as sector-wide assistance programs (SWAPs) and general budget support.

ملخص

تبحث هذه الورقة في ظاهرة انتشار الهياكل الإدارية الموازية، المعروفة باسم وحدات تنفيذ المشروعات أو المكاتب الفنية، بداخل البيروقراطية المصرية. ومن خلال مراجعة الأدبيات ووثائق المشروعات وإجراء استطلاع مختصر للرأي، تخلص الورقة إلى أن المكاتب الفنية تعتبر ضرورية من أجل المبادأة بالإصلاح في الأجل القريب، ولكن لابد من العمل بالتوازي على تخفيف حدة الآثار السلبية الناتجة عنها، وأيضا على إصلاح الجهاز الإداري التقليدي وبناء قدراته، خاصة من خلال تحسين إدارة الموارد البشرية والوصول إلى الحجم الأمثل للجهاز الإداري الحكومي، وتشجيع الهيئات المانحة على تبني آليات مغايرة لتنفيذ مشروعات التنمية مثل دعم الموازنة العامة للدولة، وبرامج الدعم الموجهة إلى قطاعات بأكملها.

LIST OF ACRONYMS

ADB	Asian Development Bank
AfDB	African Development Bank
BBL	Brown Bag Lunch
CAIP	Cairo Air Improvement Project
CAPMAS	Central Agency for Public Mobilization and Statistics
CDR	Council for Development and Reconstruction (Lebanon)
CIDA	Canadian International Development Agency
Danida	Danish International Development Agency (South Group)
DFID	Department for International Development
EC	European Community
EEAA	Egyptian Environmental Affairs Agency
ERP	Education Reform Program
EU	European Union
G(D)BS	General or Direct Budget Support
ICU	International Cooperation Unit
IDA	International Development Assistance
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MOE	Ministry of Education
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MOIC	Ministry of International Cooperation
NEAP	National Environmental Action Plan
NEX	National Execution
NIB	National Investment Bank
NURP	Northern Uganda Reconstruction Project
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OUDA	Operational Unit for Development Assistance
PBAs	Program Based Approaches
PIUs	Project Implementation Units
PMO	Project Management Office
SASE	Selective Accelerated Salary Enhancement Scheme
SIDA	Swedish International Development Agency
SWAPs	Sector Wide Assistance Programs
TCOE	Technical Cooperation Office for the Environment
TO	Technical Office
TOKTEN	Transfer of Knowledge Through Expatriate Nationals
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	The World Bank

I. **INTRODUCTION**

In the early 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 programs, a noticeable parallel organization structure developed therein.

The new parallel structure, oftentimes 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 establishment of a separate project type organization within the traditional government bureaucracy as a means to overcome the deficiencies of public administration has been a common practice undertaken by many developing countries (Batley 1994, 500).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. '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 (ADB 2005,1; UNDP 2003,1; World Bank 2001). However, the term Project Implementation Units (PIUs) is the most common and is considered a generic reference for the phenomenon. 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, yet the debate remains unresolved (UNDP 2006). The literature abounds with both criticism and praise.

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 the parallel

structure utilized in several sectors of the Egyptian bureaucracy is a viable tool for the implementation of needed reform efforts?

In order to achieve the research objectives, the study utilized experience-structured interviews, literature survey and document analysis. Experience structured interviews were 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, namely: the Ministry of Trade and Industry, the Ministry of Finance and Insurance, the Ministry of Tourism, the Ministry of International Cooperation, the Ministry of Planning and Local Development and the Ministry of State for Administrative Development, plus 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 analyze perceptions regarding the viability of technical offices. Due to the relative sensitivity of the topic and in order to overcome the reluctance of several current officials in giving out detailed information regarding the inner workings of technical offices, opportunistic sampling was utilized. Respondents for the study were selected based on their perceived ability to provide useful information and their accessibility during the study period.

The literature review was conducted to identify other country experiences with parallel structures as well as other viable alternatives, while the objective of the document analysis was to analyze the case of the Technical Cooperation Office for the Environment formerly affiliated with the State Ministry for Environmental Affairs.

The remainder of the paper is organized as follows. Section II starts with an overview of the concept and typology of PIUs, then addresses the current debate regarding the issue among international development organizations and in the literature. Section III discusses different proposed alternatives to PIUs and presents three successful experiences of Brazil, China and Tanzania. As for section IV, it concentrates on the Egyptian context, the different forms of PIUs, the concentration of the study on technical offices, their proliferation, the different views derived from the empirical study regarding their sustainability, effectiveness and efficiency, plus a relatively more detailed investigation of the case of the Technical Cooperation Office for the Environment. Finally, section V offers a number of

recommendations for more effective capacity building and reform within the Egyptian public administration.

II. CONCEPTUAL FRAMEWORK AND CURRENT DEBATE REGARDING PIUs

The following section attempts to define the concept of PIUs, examine the different types and forms, and review the international and theoretical debate regarding their existence.

Concept and Types of 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 the regular government employees, and are usually responsible for one or more projects, either in duplication 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. Five different types of PIUs can be identified based on their degree of integration into the existing government structures (World Bank 2005, 6-7).

> *Stand-alone or enclave PIUs*: Are perceived to be the most harmful in terms of institutional development and capacity building as they are located separately outside the government organizational structure, duplicate work performed by the traditional departments and hand in work in a turn-key fashion when completed.

> *Semi-integrated PIUs:* Are those which rely partly on the traditional administration and partly on external specialists; for example, a unit may be headed by a senior director from the traditional administration, but employs external consultants and experts to carry out specific tasks.

> *Super PIUs*: This third type may be similar to the stand-alone or semi-integrated types in terms of degree of integration, but is different in terms of the volume of work assigned to it. 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 otherwise required.

Semi-autonomous agencies: These are structures that already exist outside the regular government structures, or are newly created for the purpose of serving as project implementation units for programs. An example is the Social Development Funds in many developing countries.

Fully-integrated PIUs: In this case 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. Donor agencies may provide technical assistance to specific areas in which the recipient government lacks the required skills or competencies.

International Donors' Perspectives on Parallel Structures for Aid Implementation

The issue of parallel structures of organization has been the focus of attention of international donors' meetings in their attempt to reform the ways they manage development aid. With the recent adoption of the Millennium Development Goals (MDGs), the resolution was to work on not only increasing the volume of aid, but also increasing its effectiveness. With the expected optimistic trends in the volume of official development assistance from OECD countries over the coming years,[1] this has raised and multiplied the concerns for more effective aid management.

Paris Declaration on aid effectiveness

According to the Paris Declaration on Aid Effectiveness "Ownership, Harmonization, Alignment, Results and Mutual Accountability," March 2005, 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 is to monitor and encourage performance by both donor and

---

[1] OECD DAC country members are implementing significant increases in their bilateral programs. Detailed figures for total Official Development Assistance (ODA) provided in 2004 by OECD DAC donors show an increase of aid to $79.5 billion, up from $69.1 billion in 2003. This is a real increase of 5.9 percent since 2003, and shows the first evidence of the major scaling up of aid promised by donors at recent international meetings. Check: www.oecd.org/statistics

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.

Capacity building for partner countries has become an issue of top priority among the donor community. According to Richard Manning, Chair of the Development Assistance Committee of the OECD, "capacity development is one of the most critical issues for both donors and partner countries" (Manning 2006, 1). Several donor countries have reviewed their past support to capacity development in partner countries and have come to the conclusion that past efforts were mostly unsuccessful because most donors considered it a matter of technical resource transfer and an issue of simply transferring know-how and institutions from the north to the south. However, they have now come to the realization that capacity building efforts should be owned by the recipient countries and is their prime responsibility. Donors should provide their support to the existing country plans, strategies and objectives and should make use of what capacity already exists. According to the Paris Declaration of 2005 and the set targets to measure progress towards increasing aid effectiveness, two specific targets focus on the efforts exerted towards enhancing capacity in partner nations; one of them being the reduction in the number of PIUs, and the second being increasing technical cooperation in support of capacity development, but not of the one-size-fits-all type, but rather capacity development efforts that are integrated with the broader political, social and economic environment, and that are managed, owned and carried out by partner countries themselves (Manning 2006, 2).

World Bank perspective

According to the World Bank, the issue of parallel structures is discussed within the context of how to reduce the number of established PIUs: the separate entities created by the WB more than 40 years ago to implement development projects and that often bypass the existing bureaucracies in the country of implementation. For a long time, WB management has been

advocating that the PIUs should be mainstreamed in the existing ministry structures, because they are inconsistent with the World Bank's policy of capacity building and institutional strengthening 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, 1). However, these calls and attempts have gone nearly unheeded, and PIUs continue to proliferate.

As recent as February 28, 2006, a "Brown Bag Lunch" discussion group was held at the World Bank to discuss PIUs and how to get rid of them. The WB is among the 100 signatories to the Paris Declaration which pledged to reduce PIUs by two-thirds by 2010 (World Bank, 2006). A Guidance Note for Project Management prepared for the 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).

United Nations Development Programme perspective

The UNDP still widely uses PIU type arrangements. However, it recognizes the need for more effective aid management and the shift in international development thinking and ideology favoring the provision of support directly through national budgets and through existing government departments and ministries, rather than through parallel project units. As such, UNDP is working on finding ways to meet these challenges through focusing on increasing capacity-building efforts for developing countries. UNDP country offices are still in the process of discussing how best to contribute to capacity development in partner countries, focusing not only on outcomes, but also on the development process. The key is finding a formula for effective implementation of development programs 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 2006, UNDP 2003, 5).

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 Bank 2006). 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

keep pace and accommodate the monitoring and accounting needs of different agencies, their missions and PIUs. Thus, the officials may not find the time to concentrate on major strategic issues. Accordingly, donors, instead of contributing to capacity building within partner countries, may actually undermine it (Cassels and Janovsky 1998, 1777);

Another argument against PIUs is that their autonomy sometimes bypasses and even weakens conventional structures and only achieves isolated short term successes. By circumventing traditional structure they diminish its legitimacy and effectiveness (Batley 1994, 500). In Lebanon, the post conflict autonomous PIU that was established under the title of Council for Development and Reconstruction (CDR) became so powerful that it was regarded over time as a super ministry, and since 1991 has become more and more active managing to mobilize over \$3 billion in external funding mostly from Arab countries, Europe and the World Bank, and as a result, later on some of its authorities had to be stripped and returned to the other regular ministries. Similarly, in Uganda the PIU, titled the Northern Uganda Reconstruction Project (NURP) established to manage funds during the post-conflict situation, resulted in a network of sub-PIUs in different ministries that were consuming a large portion of the donor assistance channeled to the country and preventing expenditure on activities needed in the field (World Bank 2001, CDR).

There are also concerns about the effect PIUs have on the conventional bureaucracy. 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, 155-9). Moreover, in cases where the autonomous agencies are established through some backing by international donors, and chosen as an instrument for channeling 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. PIU members may become more loyal to donors' priorities than to country priorities (Cassels and Janovsky 1998, 1777; UNDP 2003, 3).

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. In Yemen, the PIUs financed through the International Development Assistance (IDA) funds provided relatively high salaries to their staff in addition to various job perks which created jealousy and discontent

and resulted in a poor image for the Yemen PIUs in general. Esman (1991, 85) points out that in some cases instead of changing the bureaucracy, PIUs themselves are infiltrated by them and acquire some of the inefficient practices they were supposed to overcome.

Finally, there are questions regarding the issue of sustainability. PIUs are perceived to have greater sustainability if they are integrated into the traditional bureaucracy and work through its normal structures. However, this rarely occurs. Often, once the donor leaves the scene, there is difficulty with transferring operations to the government bureaucracy, and with continuity in general. As a result, the resources spent on capacity building of the PIU staff members are often lost over time, as PIU staff seldom transfer to the traditional bureaucracy when external funding terminates. PIU staff hopping from one donor funded assignment to the next is more likely to be the common scenario (UNDP 2003, 3; World Bank 1999, 5).

Arguments for Continued Reliance on PIUs

Despite cited criticisms and noted shortcomings of PIUs and parallel structures, yet their existence continues and many arguments are made in their favor, either through enumerating their merits or though explaining why it is difficult to do without them. According to the World Bank and UNDP,[2] 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. UNDP has identified four significant shortcomings in the public sector system of developing countries that hinder their ability to manage development programs, namely: low individual and institutional capacity that fails to implement new simultaneous programs besides mainstream functions, low civil service pay levels that fail to motivate employees, low salary differentials for skills, responsibilities that further fail to motivate employees to exert effort to implement new programs, and rigid civil service rules and systems that impede introducing quick responses to required changes. By overcoming these institutional shortcomings PIUs may thus contribute to the enhancement of a developing country's absorptive capacity of official development assistance.

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;

---

[2] World Bank 2006; World Bank 2001; UNDP 2006; UNDP 2003, 2-4.

they help mitigate risk; they enable getting the job done and projects to be implemented (e.g., bridges and roads are built); they ensure that projects are implemented without increasing corruption especially in countries where civil service salaries are inadequate; and they enable bank staff to maintain leverage during implementation of projects especially in countries with weak institutional systems.

Third, many obstacles face the integration of PIUs into existing government ministries in development countries including: the lack of expertise in management and organization among the World Bank project teams, especially expertise in issues like change management, and organizational change; there are no unified 'tool kits' for how to integrate PIUs, but the process varies from one country to another and requires sometimes lengthy negotiation processes with the host country and with other donors; there is a shortage in the dissemination of best practices; and there is a continued availability of incentives within the WB promoting the utilization of PIUs as a way to get things done on time, with minimal corruption and at the expected levels of quality.

Fourth, 'projectization' might allow the injection of learning into public administration (Batley 1994, 500); it is a device used to overcome the common problems of public bureaucracies, such as: inefficiency and inadequate salaries (Hirschman 1967, 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, 130).

Finally, positive evaluations for PIUs exist in both emergency and post-conflict situations and in countries with weak institutional skills. In most of the World Bank supported PIUs for reconstruction purposes in post-conflict situations, PIUs have managed to facilitate supervision and monitoring of assistance provided. In other situations, PIUs have provided the needed skills and expertise needed for effective project implementation and for policy advice in countries where those skills were relatively scarce (World Bank 2001). Moreover, PIUs are the only way possible to manage the sudden and generous outpour of resources in disaster and war zones that usually accompanies intensive media coverage for the problem area, and is concentrated over a relatively short period of time and then wanes off 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 as a result of the vast developments in live media

coverage through satellite imagery and new technologies (Jakobsen 2000, Livingston 1997). In those situations, the development assistance and emergency providing agencies may not have the necessary time to find their way and work through the existing governments' bureaucracies, but may have to resort hastily, to implementation through PIUs, to manage the transferred resources.

III. ALTERNATIVES TO PIUs: INTERNATIONAL EXPERIENCE

The following section presents an overview of suggested alternatives to PIUs in the management of development projects and some selected country experiences in the successful implementation of a number of these alternatives.

Alternatives to PIUs

Alternative mechanisms to the parallel structures utilized in the management of development assistance center around several main options: resource pooling, sector wide assistance programs (SWAPs), program based approaches, direct budget support, gap filling, and donors pooling for salary supplementation. 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* 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 program by pooling resources through a single multilateral donor (UNDP 2006).

> *Sector-wide assistance programs (SWAPs)* 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 are in the lead and donors agree to national policy priorities and procedures. SWAPs are commonly used today by the donor community especially in social sectors. For example, in Ghana, the government succeeded in convincing four donors to provide support to its health sector program, and the first joint annual review of the sector wide performance revealed positive results; not only was

Ghana moving forward with health improvement indicators like increased immunization and improved reproductive health, but also the government was found to have increased health spending in line with its agreement with the four funding donors (Cassels and Janovsky 1998, 1778). 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; while from the point of view of national governments, SWAPs decrease the ability to shift priorities in response to political pressures (Cassels and Janovsky 1998, 1778-9).

Program-based approaches (PBAs) is the modality for integrating support by one or several donor agencies and targeting programs rather than stand alone projects in partner countries. It may be used to refer 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 development 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 program based (Danida 1998).

General or direct budget support G(D)BS involves the direct disbursement of un-earmarked donor funds to the host government, which uses its own allocation, procurement and accounting mechanisms to implement its development programs. Instead of financing separate projects, development assistance is channeled directly to the recipient government's treasury to finance government expenditures. The main idea behind this approach is that rather than donors financing individual projects, they fund an entire sector, and instead of having a say in selecting specific initiatives and projects, they leave that mostly to the recipient nation, and have more of a role in setting the national policy for the sector funded. Meanwhile, monitoring and evaluation also shifts from a project perspective to a wider sector perspective (Cassels and Janovsky 1998, 1778). However, there is widespread recognition that developed and developing countries face many obstacles in adopting this approach and many are still in favor of the parallel structures. 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, 1777).

Gap filling 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.

Donors pooling for salary supplementation stems from the idea that donors may pool resources to provide salary supplements to civil servants based on performance as a mechanism for improving the quality of service delivery and reducing the need for PIUs. The idea was tried out in Tanzania in 2000 under the Selective Accelerated Salary Enhancement Scheme (SASE), where salary improvements were linked to productivity gains, and donors were expected to pool resources for SASE for an interim period of five years; however only a few donors have participated in the pooling (UNDP 2003, 6).

International Experiences with Alternatives to PIUs

Although many of the aforementioned alternative mechanisms at financing development assistance are widely recognized, and theoretically backed, yet implementation by donors vary greatly, and evaluative studies are still inconclusive. Some donors, such as the World Bank, DFID, CIDA, SIDA, EC, and AfDB, are exploring direct budget support, while others, like the ADB are more cautious (UNDP 2006). The following are 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 PMOs with a more permanent nature staffed by Chinese civil servants and receiving regular government salaries, while Tanzania managed to implement a sector wide development program for its health sector without relying on PIUs.

Brazil: Cost sharing with UNDP

In order to overcome the shortage in Brazil's public administration human resources who are required 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.[3]

The cost sharing model is an arrangement whereby the host government provides financial resources—oftentimes obtained through a loan agreement from an international
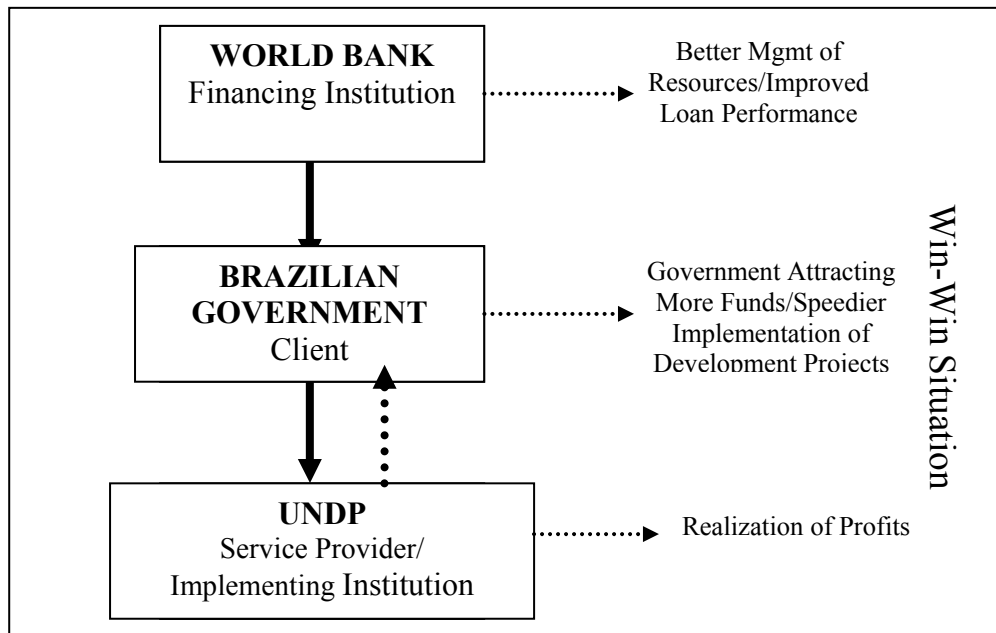
---

[3] This section draws on Galvani and Morse (2004).

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.

In case of Brazil, the UNDP was chosen as the implementing agency, rather than any other international consulting agency, for several reasons. Foremost among those reasons were the utilization of UNDP since the early 1990s of the National Execution system (NEX) for the implementation of projects, meaning that the technical, financial and administrative controls of the projects are performed by nationals; a matter which increases the host country's ownership of projects and at the same time helps UNDP Brazil in attracting cost sharing funds. Although NEX is currently used by other international organizations, UNDP was considered a pioneer in its introduction and usage since the early 1990s. Other reasons for the Brazilian government choice of UNDP for the cost sharing implementation were the privileges and immunities it enjoys as a multilateral organization allowing it flexibility in the recruitment of required human resources and in the procurement of other resources for the projects.

The cost-sharing model is regarded as a new model that has changed or even reversed the traditional donor-recipient relationship. Currently in Brazil, the government is regarded as the client, and the UNDP, previously the 'donor,' as the paid service provider or sub-contractor 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. In 2000, it was said to account for nearly 51 percent of the UNDP's total expenditure worldwide, and was implemented in 219 different federal departments in Brazil.

Diagram 1. Cost Sharing Model: Win-Win Situation

```
┌──────────────────────────────────────────────────────────────────┐
│                                                                    │
│   ┌─────────────────────┐                      Better Mgmt of      │
│   │    WORLD BANK        │·············▶     Resources/Improved    │
│   │ Financing Institution│                    Loan Performance      │
│   └─────────────────────┘                                          │
│              │                                              W       │
│              │                                              i       │
│              ▼                                              n       │
│   ┌─────────────────────┐                 Government Attracting  -  │
│   │    BRAZILIAN        │·············▶    More Funds/Speedier    W  │
│   │    GOVERNMENT       │                   Implementation of     i  │
│   │    Client           │                 Development Projects    n  │
│   └─────────────────────┘                                         -  │
│              │         ▲                                          S  │
│              ▼         ⋮                                          i  │
│   ┌─────────────────────┐                                         t  │
│   │      UNDP           │············▶    Realization of Profits  u  │
│   │ Service Provider/   │                                         a  │
│   │ Implementing Institution│                                     t  │
│   └─────────────────────┘                                         i  │
│                                                                   o  │
│                                                                   n  │
└──────────────────────────────────────────────────────────────────┘
```

Despite the seeming benefits, there are also several costs attached. Critics point out the fact that the cost sharing arrangements, by allowing governments to by-pass some of the legislation regarding recruitment and procurement of goods and services, are actually delaying the Brazilian government's implementation of needed reforms and creating a "two-track" civil service. Especially since national governments' capacity building is considered one of the main outcomes sought by UNDP initiatives worldwide, the cost sharing arrangements not only fail to achieve that goal, but also hinder and undermine government reform initiatives. Other shortcomings mentioned include the salary differentials between the civil service employees and those recruited by the UNDP, which created a parallel bureaucracy of experts who have an "uneasy" relationship with the traditional bureaucrats. Additionally, the recruited employees often duplicate the work of other departments, and do not integrate into the traditional bureaucracy after the project is terminated.

Although the Brazilian government and the UNDP are aware of many of these problems, yet little has been done to overcome them. The justification expressed by UNDP for continued reliance on a parallel structure is that the inexperienced and untrained Brazilian civil service, necessitated the resort to parallel structures, and that nothing else could have worked (UNDP 1996).

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. World Bank 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 (e.g., Ministry of Construction for urban projects, and the Communications department for a highway project). Management of the PMO is assigned to the director of the agency or ministry in which it is located

The main advantage Chinese PMOs have 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 rather finances only equipment needs. Overall assessment of World Bank PMO implementation in China is satisfactory (World Bank 2005, 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 approach of development assistance provided to the health sector was introduced starting the new millennium. In the previous prevailing situation, abundant donor resources were being directed to the health sector in Tanzania, and managed separately in an ad-hoc manner, resulting sometimes in the duplication of efforts without any real reflection on required outcomes and improved health situation. The World Bank, starting the year 2000, 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 program 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. The staff working on the project is comprised of regular civil servants and they are not allowed to receive any salary increments. The management and approval of pooled funds is coordinated by a basket 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.

Over the past five years from 2000-2005, participating donors have managed to reduce the number of administrative steps and strengthen the overall capacity of government personnel through training and on-the-job experience (World Bank 2005, 27-8).

IV. THE EGYPTIAN CONTEXT

In studying the phenomenon of PIUs in Egyptian ministries, the current 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 programs 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 programs, but they are also situated in the top most level of the Egyptian public administration system being responsible for providing policy advice and decision support to ministers and therefore indirectly representing a critical and very influential power group in the public policy making and general reform arena.

Preliminary investigation revealed the sensitivity of the topic and the reluctance of many members of current TOs to provide detailed information regarding their work or copies of any written material regarding their mandates, funding or performance evaluation reports.

It was only for the Technical Cooperation Office for the Environment (TCOE) the technical office that was formerly affiliated to the Minister of State for Environmental Affairs, and which has been phased out, that the researcher, being a former member of the office had obtained approval to have access to copies of the project documents and evaluation reports, and had relied on participant observation to develop a more concrete assessment of its performance.

As for other technical offices still in operation, the researcher 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 following section.

Appendix B includes a table demonstrating the number of interviews conducted and their whereabouts.

Different Forms of Parallel Structures within the Egyptian Public Administration System

If we examine the Egyptian context, we can identify all the different forms of the PIUs existing in the various ministries and governmental agencies. A brief description of each is given below.

Stand-alone and semi-integrated PIUs

These PIUs are used to implement specific donor supported projects in cooperation with ministries and government agencies. Sometimes the physical location of the PIU lies within the ministry or governmental agency building which partially contributes towards its degree of integration, and at other times it may have a separate location altogether, which makes it more akin to what was described earlier as a 'stand-alone' or 'enclave' PIU. For example, although both projects are supported by the USAID, the Cairo Air Improvement Project (CAIP) PIU is located within the same premises as the Egyptian Environmental Affairs Agency (EEAA), while the Education Reform Program (ERP) PIU is located in separate rented offices in Maadi geographically isolated from the Ministry of Education (MOE) premises located downtown.

Technical offices or project coordination units

They are more akin to the super PIUs having a wider mandate than the regular PIUs, usually involving the management and coordination of several donor supported programs and projects, providing technical support to ministers or organization directors, and usually having in their mandate the requirement of contributing towards the capacity building of the traditional bureaucratic organization in which they are located.

Semi-autonomous agencies

An example of these agencies may be the Egyptian Social Fund for Development which receives funding from several donor agencies and employs staff on a different salary scale than the regular employees. The Egyptian Social Development Fund was created in parallel to the beginning of the Economic Structural Adjustment Program to act as a buffer for its potential adverse impact.

Fully-integrated PIUs

An example for fully integrated PIUs may be the Environmental Impact Assessment Unit established in the Egyptian Environmental Affairs Agency in the early 1990s, within the formal organizational structure and staffed by regular government employees. The unit was supported technically by the Danish International Development Agency (Danida) which provided intensive training and capacity building activities to enable the assigned staff to carry out the then new task of reviewing environmental impact assessment studies presented to the Agency as mandated by the Environmental Protection Law 4/1994.

Individual consultants

These are specific personnel hired by government agencies and ministries on a salary scale different from that of the regular public organization. Consultants are usually retired undersecretaries and top officials in ministries and government agencies, who are retained for their expertise, technical skills and institutional memory, but are paid higher salaries than regular employees. They are considered as part of the classification of PIUs operating in Egypt as they represent a core component of the donor funded PIUs and technical offices. Although they receive their compensation from external donor agencies they may be located either within the technical office affiliated to the minister, or in other departments within the ministries as needed. According to the Minister of Administrative Development, the number of consultants who are hired through international organizations, like the UN agencies or the European Union, from the project resources to which they are affiliated, that is completely outside the government budget, does not exceed 8,000 out of 6 million regular public employees (Al-Ahram Daily 2006). However, the issue of donor funded consultants existing in the various Egyptian Ministries is the subject of much criticism and speculation from the media and the public at large. Concerns have been raised regarding the lack of sufficient monitoring of their work, the dire impact they pose to the values of social equity and equal opportunities, the lack of competitiveness and lack of sufficient transparency of the recruitment and hiring practices utilized, and the highly exaggerated compensation packages they receive which is totally out of sync with the salary scales of the regular public ministries and agencies (El Hawary 2006, 1).

The Extent of Proliferation of Technical Offices in the Egyptian Bureaucracy

Appendix A includes some examples of technical offices in Egyptian ministries and a summary of their main objectives.

Examples of ongoing technical offices are those available in the Ministries of Trade and Industry, Education, International Cooperation, Administrative Development, Communication and Information Technology, Finance and Insurance, Tourism, Electricity, Agriculture, Health, Planning and Local Development, Housing and Transportation (13 ministries). Examples of technical offices phased out include those that were available at the Ministry of State for Environmental Affairs and the Ministry of Public Enterprise Sector. In the former, support for the technical office was renewed four consecutive times, after which the office itself was phased out, while in the latter, the Ministry itself was dissolved and its mandates were shifted to the new Ministry of Investment. The sample includes only a limited number of existing technical offices, but there are many more in operation, not only those adjoined to Ministers' offices, but also to main government agencies and organizations. For example, the Central Bank of Egypt has a technical office, and so does the Egyptian Capital Market Authority.

The Perception of TOs by Members of the Traditional Bureaucracy

Interviews were conducted with 33 employees in the traditional bureaucracy working in four different ministries. Some respondents (27 percent) from the regular bureaucracy were totally unaware of the existence of the TOs and the nature of their work; while others (73 percent) were aware that the TOs are 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, that they have special contracts and enjoy a lot of privileges compared to the 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 consultancies in order to support the decision makers, that the interaction between members of the TOs and members of the traditional bureaucracy may contribute to their acquiring new skills and enhancing their level of efficiency, that the TOs are a means of overcoming the problems of routine and red-tape existing in the traditional bureaucracy.

Respondents perceived *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 them and the TO staff members, in addition to the sometimes noticeable domination of TO staff members over the regular employees and the haughty treatment they use in dealing with the regular employees as a result of the vast powers and authorities they possess. It was also pointed out that the TOs, in many situations, duplicate the work of other departments and that the level of cooperation between the TOs and the 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, distributing the needed work among those high performers according to their specialization, giving them the needed training and building their capacities, in addition to applying the principle of reward and punishment 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 to provide technical assistance; decision making support and policy advice to the relevant ministers; that the units were responsible for the preparation of studies, research and consultancies, 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 programs 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 overcome the deficiencies in the required skills and expertise that are not available within the traditional bureaucracy.

Human resources

Respondents clearly stated that the staff in the TOs is highly qualified, some of them 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 him with the needed information and technical experience; most of the junior staff in the ministries of Finance and Insurance, Trade and Industry, Planning and Local Development, Tourism, International Cooperation and Administrative Development have an undergraduate degree either in Economics, Political Science, Commerce or Computer Science, and are mostly from the English section in public universities, or from the American University in Cairo.

A large group of respondents (57 percent) declared that recruitment and appointment is based on acquaintances and personal references. However, 29 percent of respondents claimed that recruitment and selection is based on ads placed in local newspapers, or in the *Economist,* or with the assistance of the Operation Unit for Development Assistance (OUDA), while some (14 percent) 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, sometimes recruited from the private sector, there are exceptions when political pressures on the minister forces him to select incompetent staff, and in that case they are available in the office but are not allocated much work. In general, the staff is appointed on an annual renewable contractual basis, and is mostly hired from outside the traditional ministry, with some exceptions of retirees who may be re-appointed as senior consultants. Several donor agencies' rules prohibit the payment of any extra money to public

employees for the work they perform.[4] Senior consultants, whether retirees or external hires, are appointed on a temporary basis ranging from 6 months to 3 years depending on set criteria of excellence and merit.

Compensation for TO staff may vary between approximately LE 1,200 per month for a starting secretary and may reach up to LE 22,000 per month (net) for a resident senior level consultant. Some ministers requested higher amounts for their resident experts, but the external funding agencies refused.

Sustainability

The TOs are financed by external funding agencies, like the USAID, the EU, the World Bank, and UNDP, sometimes with the assistance of the Operational Unit for Development Assistance (OUDA), and usually for the duration of three years, and when external funding terminates, some (14 percent) said the units will be financed through the ministerial budget; others (43 percent) said that as most of the TOs are temporary units they will terminate either with the termination of funding, or with the ministerial change, while some others (29 percent) stated that when the funding expires, the technical office will seek funding from another external agency, and others (14 percent) were not sure what will happen when funding runs out. There was a consensus regarding the impossibility of doing without the TOs and depending solely on the competencies available within the traditional bureaucracy. It is not foreseen that the unit will be merged with the traditional bureaucracy ever, or that the staff members will be appointed to work in the ministry after the funding for the TO expires, unless they are given tenured positions with comparable compensation packages; this is despite the fact that usually project documents have a clause regarding sustainability and how it could be achieved through building the capacity of the regular staff in the traditional bureaucracy.

Capacity building

The majority (72 percent) perceived the TOs as partly contributing to the capacity building of regular employees in the traditional ministries. Capacity building depends on the particular projects the TO was responsible for managing, their designated plans, and whether there were

---

[4] A 1982 Presidential decree allows government employees working with international donors to receive salary supplements in excess of the normal civil service wage scale.
http://www1.worldbank.org/education/economicssed/project/projwork
Usually it is the international development agency that is reluctant to pay extra compensation for civil servants performing their initial jobs. The USAID strictly forbids any extra payments to regular government employees. However, the GOE has nothing against it.

sufficient funds allocated to that purpose from the donor agency. In that case members from both the TO and from the traditional bureaucracy, may participate in the same training sessions. Training opportunities are provided to the regular employees especially in the use of computers, and in special technical subjects pertaining to their work. Only a few TO members (14 percent) regarded the training function to be outside their scope of work, and that the regular employees would never accept to be trained by the more junior staff in the TO, while a few others (14 percent) were not sure whether the technical office has a role in training or not.

Cooperation

On a scale ranging from excellent to below average, cooperation between the TOs members and other regular employees within the ministry was perceived as 'excellent' by (29 percent) of respondents, 'very good' by (43 percent) of respondents, and 'average' by (28 percent) of respondents.

Opinions were split regarding whether there was a perceived duplication between the work of the TOs and the regular departments. Some (43 percent) perceived the TOs as partly duplicating the work of other departments, while (57 percent) did not perceive any duplication on the account that the work of the TOs is different, involving the final filtration of reports raised from the traditional bureaucracy before being presented to the minister, and involving the analysis of the raw data, for example derived from the statistics departments.

Performance evaluation

The performance evaluation for the unit is carried out by the director who sometimes reports to the funding agency, if required, on achieved deliverables and accomplishments, and sometimes internally to the minister in charge. Some respondents (43 percent) said that no progress reports were raised to the funding agency, while another group (36 percent) said that the progress reports are prepared for the projects and programs for which the TO is responsible based on the specific guidelines and agreement with the funding agency, and that even auditors may come from the donor agencies supporting the various programs and projects to inspect the books, and a few (21 percent) were not sure how progress is evaluated.

Disadvantages

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 as each minister usually appoints his/her own staff; the occasional duplication of work, the relatively high turnover rate for the staff, the relatively short duration of the project which inhibits long range planning, the high work load and stress faced by the TO staff members, the large variation between the salaries they obtain and the salaries of the regular employees, the lengthening of the administrative procedures within the ministries as everything has to pass through the TOs, and the sometimes occurring deterrence in the achievement of set objectives and reform plans as a result of ministerial change and/or political pressures.

Advantages

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

Alternatives

The majority (93 percent) said that no practical alternatives are available as substitutes for the TOs due to the significant role they play and the reliance of the ministers in a fundamental way on the services they provide. The ministers could not have waited for the regular employees to acquire the needed training and develop the required skills. The staff was already overworked and had their routine tasks to oversee, so they could not have been able to introduce changes and carry out the needed reform on their own. Only two respondents 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 in a better manner. 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 labor, a lot of savings can be realized.

Interpreting Interview 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 27 percent of the regular employees interviewed in some 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 compared to the 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 which is rated on the average higher by the members than by the non-members; and the fact that the non- members perceive the TOs to be duplicating their work more than the members. 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 the TO members think otherwise and perceive the government regular employees to be incapable of doing their work, mainly because they lack the needed analytical, language, and computer skills, and because they are so set in their ways that it would be very difficult to change them.

Both groups noted that acquaintances are an important source for recruitment and selection of employees in the TOs, and that the 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 not a novel or 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 change in the head of the department, but it is a transparent, well documented institutionalized system (Klingner 2003, 5-20). A certain degree of responsiveness to political pressure is expected, but it is better performed in a transparent manner, be confined to specific pre-determined jobs so as not to cause unnecessary frustrations due to perceived impediments on equal employment and equity rights.

An Evaluation of the Technical Cooperation Office for the Environment

The following section will present a more detailed review and assessment of a technical office, namely the Technical Cooperation Office for the Environment (TCOE) affiliated with the Minister of State for Environmental Affairs from 1991-1999, passing through four phases of renewal and then phased out without successful integration or merge into the traditional bureaucracy of the Egyptian Environmental Affairs Agency (EEAA) as initially hoped. The aim of the more detailed review and assessment of performance is to use it as an example for the other ongoing technical offices, which share many of the strengths and weaknesses of TCOE although they operate in different sectors.

TCOE was basically established to overcome the regular problems of red-tape and the routine of the government bureaucracy and to provide support to EEAA and the Minister of State for Environmental Affairs. The first phase of operation extended for one year, with the basic purpose of assisting EEAA in the development of the National Environmental Action Plan (NEAP), then the second phase which extended for three more years, was for the purpose of assisting EEAA in translating the NEAP into a 'program/project portfolio' and coordinating donors' activities. Finally, another three years from 1995-1998 were requested to assist EEAA once again with the implementation of the then new Environmental Protection Law no. 4/1994. (El Baradei 1998, 153-181). A final year for wrap-up of activities was approved from 1998-1999 and then no more funding was provided, but by that time most of the original staff members had already left to other posts, whether in other PIUs, in donor agencies' offices, environmental consulting firms, or other similarly high paying jobs.

An overall evaluation of TCOE's performance, that relied on: a comparison of stated objectives in the project documents with the realized outputs, an examination of the UNDP performance evaluation reports, and a SWOT analysis comparing between the office's various strengths, weaknesses, opportunities and threats, showed that it managed to realize good measures of efficiency and effectiveness (El Baradei 1998, 170). To illustrate, according to the UNDP annual performance evaluation reports for TCOE, which follow the Logical Framework Analysis approach, whereby stated objectives and agreed to outputs and activities previously mentioned in the project documents were scrutinized, TCOE was found to be doing satisfactorily. If we take for example the performance evaluation report for TCOE for the year 1995, we find that all the outputs were said to have been achieved acceptably and the

final conclusion at the end of the report was a recommended extension of the project for another three years.

An examination of a SWOT analysis performed for TCOE in 1996 shows that its strengths were perceived to outweigh its weaknesses, and its opportunities were expected to outweigh future threats. The detailed SWOT analysis is located in Appendix (C) of the current study. However, with the dissolving of the office and the expiry of the donor funds, only one member from the original employees continued to work as a consultant in EEAA for a short while, and then quit. No capacities were built within the traditional bureaucracy in preparation for the dissolving of the unit and EEAA had to start afresh hiring young graduates at regular government salaries to fill in the resulting vacancies and perform the many functions— strategic planning, donor coordination, technical report writing and development of project concept papers and documents—originally performed by the TO. TCOE managed to provide critical support to the State Minister for the Environment and to EEAA during a period of time when Egypt was receiving generous environmental development assistance from multiple donor agencies. At the time, EEAA was still being re-structured and there was an urgent need to move quickly with environmental reform, in terms of issuing national environmental plans and laws and preparing for their implementation, in order to maximize the potential benefit from the available external assistance provided; mostly conditional upon the successful initiation of said reforms.

TCOE shares many similar features to the currently ongoing TOs in other Egyptian ministries. For the majority of technical offices, their shared strength points may include: the qualified staff, the adjacency to the decision making centers and to top officials, the ministerial support, the access to external resources, the comfortable working conditions, the high level of commitment and the high quality of output. Similarly, shared weaknesses may include the absence of structured human resource development plans, unfair distribution of work loads, and relatively high turnover rate of staff. Common opportunities may include the potential for continued donor assistance and the potential for fruitful implementation of the reform agendas. As for the commonly encountered threats, these may embrace the potential for loss of support, exerted political pressures and possible unfavorable impacts of ministerial change.

Technical offices may work efficiently and they may achieve the objectives planned, but there is no sufficient evidence that their efforts will be sustainable; sustainable not in the narrow sense of TO staff being transformed into regular government employees upon expiry of donor funds, but more importantly sustainable in terms of preparing the way for the implementation of the important functions by regular government employees after the phasing out of the TO.

V. RECOMMENDATIONS FOR EFFECTIVE CAPACITY BUILDING AND REFORM

Several conclusions can be derived from the previous assessment. First, PIUs, including TOs, have both their advantages and disadvantages. They have their strength points and advantages in the short-run that cannot be overlooked or ignored. They are successful in initiating reforms and acting as catalysts. They are a requirement for introducing change, but they should not be relied upon on a permanent basis. Theoretically, it is acceptable in introducing change to rely on a partnership between external and internal change agents, but realizing all the time that the role of the external change agent should be to initiate the change effort and push it forward, 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, 631). This means that the technical offices should work consistently in partnership with the traditional bureaucracy in order to assure effective sustainable results for their efforts.

In many situations there were positive evaluations for the work of the PIUs especially as regards their efficiency and effectiveness, but they gained less points regarding sustainability. The question is: How should sustainability be measured? Should sustainability be measured by the actual continuation of the office structure? I think not. What matters most is the continuation of the initiated reform, not the continuation of the actual staff members.

As indicated by international and Egyptian experiences, there is a perceived real need for the PIUs and TOs, firstly in emergency and post-conflict situations to manage the outpour of development assistance, and secondly, in situations where there is a lacking in institutional capacity and a real need for achieving reform and achieving results. The point is that in many cases, like Egypt, we cannot wait for an overhaul of the Egyptian public administration

system before initiating and implementing reform plans. The PIUs represent a convenient quick fix for introducing and initiating reform and initiating change, but there are serious precautions that must be heeded to alleviate many of the perceived negative impacts of PIUs and TOs, and it should always be realized that when we resort to PIUs or TOs, parallel work should be in process to reform the traditional administration and build its overall capacity to be able to continue with the reform efforts initiated, and to be able to absorb and manage development assistance through the government bureaucracy without needing to introduce parallel structures.

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. PIUs should only be used in exceptional situations when there are no other alternatives, such as in emergency or post-conflict situations; or as in Egypt, when there is a need for catalyzing reform agendas. Adequate pre-planning for project implementation should be undertaken making sure that all alternatives are exhausted before resorting to the development of a separate PIU as an interim measure, while planning adequately for training and capacity building of the traditional structure.

Moreover, before deciding on the utilization of a PIU adequate planning should be performed for the exit strategy and for the integration of the PIU into the government structure by: deciding on tenure appointments early on, and planning for securing funding for staff who will continue and functions that need to be carried on; working through a mix of both external staff members and regular staff members within the same unit so that there is a greater opportunity for passing on experience and skills; and harmonizing PIU administrative procedures to that of the government procedures and not to the donor agency procedures.

Additionally, we should work on curtailing the phenomenon of PIU hopping where staff move from one PIU to another causing an acceleration in brain drain for the agency they were extracted from. In general competitive and transparent hiring procedures should be followed for hiring PIU members. If there is a need for political appointees, as in other civil service systems, their percentage should be decided upon and agreed to beforehand in a transparent and open manner so as to limit the feelings of rivalry and frustration between the two tracks of employees.

Another creative method recommended before deciding on the establishment of new PIUs is to 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; and thus encouraging the transformation of brain drain into brain gain (UNDP 2003, 6-7). Ever since the 1990s, several internet networks were established with the purpose of linking expatriate nationals with their home countries, such as the: Worldwide Indian Network, the Global Korean Network, and the Reverse Brain Drain Network (Thailand), and many others, all with the purpose of establishing a link whereby the countries of origin can benefit from the skills and expertise of its experts residing abroad (UNDP 2003, 7-8; World Bank 2001).

As for PIUs already in place we should work on eliminating the negative attributes usually associated with their operation such as the 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, implementing more transparent recruitment and selection mechanisms, and allowing for political appointees only within known and pre-approved limits.

Long-Term Recommendations

As for long-term recommendations to alleviate some of the more serious negative impacts of PIUs, the main issue is to work on building the capacity of the public administration in developing countries, and consequently the capacity for managing official development assistance. In Egypt, the following are some of the main suggestions:

Public administration human resources management reform

It is being increasingly realized that the true path to reform of the public sector is through concentration on its people and human resources. This entails as a first measure a radical re-structuring of the compensation system. Adequate pay is a pre-requisite for ensuring an adequate level of motivation, performance and integrity (United Nations 2005, ix). If employees are given real pay for real work, this will cut back the need for the establishment of parallel systems.

The second measure is providing real training and capacity-building opportunities. Continuous investment in training efforts based on real needs assessment, plus proper evaluation and opportunities for integrating what was learnt into the work environment is much needed. In addition, capacity building should be extended to provide long-term opportunities for continuing education, on-the-job training, interaction with technical experts and mingling with TO members whenever possible. Moreover, the performance evaluation of the TOs and the staff members, should include an assessment of their level of real contribution to capacity building and knowledge transfer to regular government employees.

Thirdly, serious coordination should be undertaken with education institutions in the attempt to achieve a better link between the outcomes of educational institutions and the skills and competencies needed by public administration organizations.

Rightsizing

A second-long term recommendation is to work on rationalizing or rightsizing the Egyptian public administration system the overstaffing of which is radically inhibiting its performance capacity. Since the problem is quite a complicated one due to governmental, political and social obligations, there are a number of proposed measures that can be implemented in parallel to tackle it. Among those measures are: the freezing of government appointments unless there is a real need, outsourcing, contracting out, early pension schemes, transformative training, reallocation and redistribution of available human resources, and above all the adoption of a strategic focus on human resource planning in government (El Baradei 2004, 25-39).

Adopting alternative mechanisms for development project implementation

Finally, intensive efforts should be exerted to encourage external donors to move into adopting alternative mechanisms for development project implementation and for reform initiation, other than the isolated PIUs and TOs; such as SWAPs, and national budget support. Already several donors in Egypt are shifting their support from individual projects to program-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 the 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.

Appendix A

Table 1a. Examples of Technical Offices in Egypt

Ministry	Name of TO	Duration	Staff	Funding	Main Objectives
Egyptian Environmental Affairs Agency/ State Ministry for the Environment	Technical Cooperation Office for the Environment	Phased out Three main phases: 1991-92: International Cooperation Unit July 1992 – July 1995: Technical Cooperation Office for the Environment: Phase I: July 1995-July 1998: Technical Cooperation Office for the Environment: Phase II	20-40	World Bank, USAID, Danida, UNDP	ICU: Cooperate with UNDP and WB to finalize the Egyptian Environmental Action Plan. TCOE I: Translate the Environmental Action Plan into project proposals and coordinate the work of donors in the environmental field. TCOE II: Provide assistance to the Environmental Affairs Agency in preparation for the enforcement and implementation of the Environmental Protection Law No. 4/1994.
Ex-Ministry of Public Enterprises	Marketing and Export Development Unit	Phased out	-	-	-
Ministry of Administrative Development	Technical Office	Ongoing	3	Multiple	Support the minister with project analyses and the preparation of TOs.
Ministry of Agriculture	Technical Office	Ongoing where is the start date like below		-	-
Ministry of Education	Technical Secretariat to the MOE / Strategic Planning Unit	1992-Ongoing	-	Multiple	Coordinate donor activities and provide technical and policy analyses to MoE senior management.
Ministry of Electricity	Technical Office	Ongoing	-	-	-
Ministry of Finance and Insurance	Fiscal Policy Consultative Group/Technical Office for the Minister of Finance	2001- Ongoing	35	USAID	Provide advice on policy, negotiate with the IMF and WB, coordinate with donor agencies, enhance the use and implementation of IT, and oversee tax policy and administration reform, including the promotion campaign; customs reform; debt management reform budgetary reform; and reform of the National Investment Bank (NIB).
Ministry of Health	Technical Office	Ongoing		-	-
Ministry of Housing	Technical Office	Ongoing		-	Provide policy support and initiate reform.

Table 1a. Examples of Technical Offices in Egypt (continued)

Ministry	Name of TO	Duration	Staff	Funding	Main Objectives
Ministry of International Cooperation	Economic Reform Monitoring Unit	2004- Ongoing After the MOIC separated from the MOFA, the office lost many of its original staff many of whom were diplomats. It then sought donor assistance to employ new staff.	14	Multiple	Coordinate between the MIC and other ministries, and review all incoming and outgoing work.
Ministry of Planning	Development Policy Advisory Group	2004- Ongoing	20	Multiple	Oversee and complete the preparation and development of poverty reduction plans, sector studies, ministry automation and linkage to planning modes in other governorates. Supervise the achievement of MDGs, the recruitment of consultants, the modernization of the development plan, and participation in the IMF special data dissemination system through CAPMAS.
Ministry of Communication and Information Technology	Technical Office	Start date-Ongoing	-	Multiple	-
Ministry of Tourism	Technical Office	Start date-Ongoing		Multiple	Prepare reports based on data from other departments within the ministry and affiliated agencies, and research for the minister's meetings. Provide other ministries and agencies with needed information. The MoT has special relations with Intelligence Units, the Ministry of Interior and National Security Units.
Ministry of Trade and Industry	Consultative Support Unit for Trade and Industry/Technical Office of the Minister of Foreign Trade	Start date-Ongoing	30	Multiple	Oversee the QIZ unit, which aims to successfully implement the QIZ protocol and maximize the value that qualified Egyptian companies can obtain from the outflow of customs free Egyptian goods to the USA.
Ministry of Transportation	Technical Office	Start date-Ongoing		-	-

Source: Data compiled from various interviews, ministry websites, and, in the case of TCOE, project documents.

Appendix B

STRUCTURED INTERVIEW QUESTIONS FOR TECHNICAL OFFICE EMPLOYEES

1. Name of Ministry/Public Agency
2. Respondent's Job:
3. Name of Technical Office (TO) in Ministry:
4. Date of Establishment of TO:
5. Source of Funding:
6. Duration of Funding:
7. Was the funding for the TO previously extended?
8. What are the main objectives and responsibilities of the TO?
9. How many projects operate under the TO?

Human Resources
10. How many employees are currently working for the TO?
11. What are their main qualifications/experiences?
       (Foreign languages/computer/Masters/Ph.D./Other)
12. How are TO employees recruited and selected?
       (Advertisement- transfer with minister – acquaintances-qualifications based/other)
13. What are the terms of the TO employment contract?
       (Temporary- permanent)
14. Does the TO recruit and appoint staff from the traditional bureaucracy or ministry or are all its members outsiders?

Performance Evaluation
15. Who evaluates the performance of the TO?
       (Evaluation performed externally or internally)
16. Are periodic progress reports provided to the funding agency?

Sustainability
17. Is the TO expected to merged with the ministry in the future?
18. What will happen when external funding ends?
19. Are TO staff expected to be integrated into the ministry or public organization in which they are located?
20. Do you perceive any indications that the funding agency(ies) will refrain from supporting the TOs?
21. Is it better to do without TOs and depend directly on the ministry?
22. How can we ensure that TO staff will remain with the ministry after external funding ends? Is there a guarantee or not?

Building the Capacity of the Ministry/Traditional Organization
23. Does the TO contribute to the training and capacity building of ministerial/traditional employees?

Cooperation Between the TO and Other Ministerial Departments

24. Does the TO duplicate work supposedly performed by the other ministerial departments?
25. How would you describe the cooperation between TO staff and traditional staff?
          (Excellent/very good/ average / below average /poor)

In your opinion:

26. What are the main reasons TOs are established?
27. What are the main advantages of TOs? Please list in terms of priority.
28. What are the main disadvantages of TOs?
29. Are there alternatives to TOs? List the most important.

STRUCTURED INTERVIEW QUESTIONS FOR TRADITIONAL/MINISTERIAL EMPLOYEES

1. What information do you have regarding the TO in your ministry?
2. Does the TO duplicate work supposedly performed by the other ministerial departments?
3. How would you describe the cooperation between TO staff and traditional staff?
          (Excellent/very good/ average / below average /poor)

In your opinion:

4. Does the TO contribute to the training and capacity building of ministerial/traditional employees?
5. What are the main reasons TOs are established?
6. What are the main advantages of TOs? Please list in terms of priority.
7. What are the main disadvantages of TOs?
8. Are there viable alternatives to TOs? List the most important.

Table 1b. Affiliation of Interview Respondents*

Name of Ministry	No. from Technical Offices	No. from the Traditional Bureaucracy
Ministry of Finance and Insurance	3	15
Ministry of International Cooperation	1	
Ministry of Planning and Local Development	3	2
Ministry of State for Administrative Development	1	7
Ministry of Tourism	1	
Ministry of Trade and Industry	4	9
Total	**14**	**33**

* Respondents included current directors, ex-directors, or senior or junior researchers.

Appendix C

SWOT Analysis for the Technical Cooperation Office for the Environment

STRENGTHS	WEAKNESSES
Qualified staff	No structured human resource development plans
Access to external resources	Unfair distribution of work loads
Highly credible external image and reputation	Lack of data base for consultants and technology firms
Good working atmosphere	Absence of structure and job descriptions
Commitment to TCOE from older experienced staff	Absence of operational strategy
Staff tolerance of and commitment to high work loads	Minimal delegation creating bottlenecks
Some degree of staff flexibility in working conditions and task assignment	Difficulty in keeping up highly dynamic pace and expectations
Staff creativity and presentation of ideas	Absence of clearly defined vision
High quality of output	Lack of indicators for staff evaluation
Diverse qualifications of staff	High staff turnover
Relationship with donors	Poor communication between departments
Sufficient resources to hire staff/consultants	Lack of orientation for new staff
Top EEAA management support	Project with a short time frame
Lack of bureaucracy	Relative young age of staff
Good training opportunities	Lack of motivation
	Perception that TCOE is not part of EEAA
	Lack of implementation of the institutional structure of EEAA
	EEAA organizational structure not quite complete
	Lack of overall strategies for EEAA & TCOE and resulting lack of ownership of the direction of the organization
	Centralization and resulting lack of delegation
OPPORTUNITIES	**THREATS**
Continued donor assistance	Loss of political support
To be viewed as an integral part of EEAA	Lack of availability of resources to sustain the office
A competent center for environmental consultancy	Loss of qualified staff to other institutions
Possible cost recoverable/ non-profit organization	TCOE might not be fully utilized by EEAA
Establishing revenue generating projects	Move to Maadi threats: being absorbed by EEAA, fear of new colleagues, organization too big, loss of independence, new working conditions, interference, EEAA drawing on resources (staff and physical resources) in an uncoordinated way
Move of office enhancing communication between TCOE and EEAA	
Possible Commercialization/ Privatization	EEAA has the perception that the only way to operate is through donor assistance

Source: Blunt, Institutional Development Assistance to the Technical Cooperation Office for the Environment, (Mel Blunt Organization Development Associates, 1996), p.15.

REFERENCES

Al –Ahram Daily. 2006. The minister of civil servants reveals his papers. (In Arabic). 31 March, 42.

ADB (Asian Development Bank). 2005. *Questioning the role of project implementation units. Special evaluation study on project evaluation units*. Washington, D.C., Asian Development Bank, Operations Evaluation Department.

Batley, Richard. 1994. The consolidation of adjustment implications for public administration. *Public Administration and Development Journal* 14: 489-505.

Blunt, Mel. 1996. *Institutional Development Assistance to the Technical Cooperation Office for the Environment*. The report of a consultancy undertaken from 28 September to 11 October. Mel Blunt Organization Development Associates. Unpublished Report.

Cassels, A., and K. Janovsky. 1998. Better health in developing countries: Are sector-wide approaches the way of the future? *The Lancet* 352, no. 28 (November): 1777-9.

CDR (Council for Development and Reconstruction). "CDR: What's CDR." http://www.cdr.gov.lb/whats.htm Access Date: 29/4/2006.

Danida (Danish International Development Agency). 1998. Guidelines for sector programme support. *Danida Sector Policies*. (May). Copenhagen, Denmark: Ministry of Foreign Affairs.

El Baradei, Laila. 1998. *The management of foreign aid directed to the field of the environment in Egypt: 1985-1995*. Unpublished Ph.D. dissertation in public administration. Cairo, Egypt: Cairo University: Faculty of Economics and Political Science, Public Administration Department.

_____. 2004. Toward rightsizing the public administration (in Arabic) *Papers of the administrative component of the joint research project: Al Dawla Fi Alam Moutagheir, No. 4.* Cairo University: Public Administration Research and Consultation Center.

El- Hawary, Mohamed. 2006. "Al-Sahm".*Al-Akhbar*, 1. (In Arabic).

Esman, Milton. 1991. *Management dimensions of development perspectives and strategies.* West Hartford, CT: Kumarian Press.

Galvani, Flavia, and Stephen Morse. 2004. Institutional sustainability: At what price? UNDP & the new cost-sharing model in Brazil*. Development in Practice* 14, no. 3 (April).

Hirschman, Albert O. 1967. *Development projects observed.* Washington, D.C.: The Brookings Institute.

Ivancevich, John M., and Michael T. Matteson. 2002. *Organizational behavior and management, sixth edition.* Boston, MA: McGraw-Hill.

Jakobsen, Peter Viggo. 2000. Focus on the CNN effect misses the point: The real media impact on conflict management is invisible and indirect". *Journal of Peace Research* 37, no.5: 547-562.

Klingner, Donald E., and John Nalbandian. 2003. *Public personnel management: Contexts & strategies*. Englewood Cliffs, NJ : Prentice Hall.

Livingston, Steven.1997. *Clarifying the CNN effect: An examination of media effects according to type of military intervention*. Research Paper R-18 (June). Cambridge, MA: Harvard University: The Joan Shorenstein Center on the Press, Politics, and Public Policy, John F. Kennedy School of Government.

Manning, Richard. 2006. Beyond 2005: Changes in donor roles and behavior. *Development Outreach*: (February). Washington, D.C.: World Bank Institute.

OECD. 2005. *Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability*. Background document for the Development Committee meeting held from Feb 28- March 2.

Sullivan, Denis J. 1990. Bureaucracy and foreign aid in Egypt. *The Political Economy of Contemporary Egypt.* Ed. Ibrahim M. Oweiss. Washington: Center for Contemporary Studies, Georgetown University.

UNDP. (United Nations Development Program). 1996. *Building development partnership through co-Financing.* Office of Evaluation & Strategic Planning (OESP) http://www.undp.org/eo/documents/bad-toc.htm. Access Date: 30/3/2006.

_____. 2003. *The PIU dilemma: How To address project implementation units.* A Practice Note (September). New York, NY.

_____. 2006. *Background note on preparation of guidelines on strengthening country capacity for financing, implementing, and managing development programs.* www.Capacity.undp.org/indexAction.cfm Access Date: 14/3/06

United Nations.2005. *Unlocking the human potential for public sector performance.* World Public Sector Report. New York, NY: Department of Economic and Social Affairs.

Word Bank. 1999. Yemen: Forging a new consensus. OED Precis, no. 179 (Spring). Washington, D.C.: World Bank Operation Evaluation Department.

_____. 2001. *Utilization of project implementation units (PIUs).* The World Bank Group: Independent Evaluation Group (IEG). http://Inweb18.worldbank.org/oed/oeddoclib.nsf/ Access Date: 26/4/2006.

_____. 2005. *Guidance Note for project management: Strengthening institutional capacity during project implementation.* http://info.worldbank.org/etools/vod/presentation Access Date: 14/3/2006.

_____. 2006. *Are we really getting rid of PIUs?.* Capacity Development Resource Center, Brown Bag Lunch on PIUs (February). http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS Access Date: 14/3/2006.